

Forever in Amber: Life 'Restored' After 30 Million Years

By Malcolm W. Browne
New York Times Service

NEW YORK — A prominent molecular biologist says he has restored dormant, 30-million-year-old bacteria to life, a feat so astonishing that, if confirmed, it would force scientists to take a fresh look at long-held notions about the temporal limits of life.

A report of the achievement was published Friday in the journal Science, but even before its publication, scientific skeptics familiar with the work were labeling the claim implausible and probably the result of accidental contamination of laboratory specimens.

Nevertheless, Dr. Raul J. Cano, a professor at California Polytechnic State University at San Luis Obispo, is confident that he has revived bacteria, Lazarus-like, that date from tens of millions of years ago.

He said he had accomplished the feat by extracting bacterial spores, a form in which the microbes are to suspended animation, from the stomachs of ancient bees embedded in tropical amber and growing the bacteria in a culture in a laboratory dish. He said he had revived more than 100 types of bacteria.

Although some investigators have recovered what they believe to be fragments of the genetic material, DNA, from preserved biological tissue millions of years old, the notion that it might be possible to reinvigorate an entire organism of such great age has been generally dismissed as science fiction.

Even a one-celled organism like a bacterium is far more complex and, presumably, more vulnerable to the ravages of time than is a chemical compound like DNA, it was believed.

A living organism is subject to starvation, extremes of temperature, chemical attack, oxidation and assaults by microorganisms and enzymes.

But scientists have long known that bacteria have some potent defenses. When subjected to extremely

hostile conditions, bacteria often encapsulate themselves in thick layers of protein and shut down their metabolism. They become spores, withstanding the rigors of desiccation, heat and cold.

Although spores hundreds of years old have been found, rehydrated, nourished and restored to life as bacteria, the revival of spores millions of years old was widely considered impossible.

Dr. Cano is well known among molecular biologists for the revolutionary research conducted by a team of which he was a member. He and the other scientists isolated DNA from extinct zebras and other animals and plants, using their analyses of DNA sequences to map relationships among species and evolutionary pathways.

Some of their conclusions remain controversial, but their work created a new and fruitful field of biological research.

Dr. Cano is so confident of his latest findings that he has founded a company, Ambergene Corp., in San Carlos, California, to develop pharmaceutical

products derived from the putative ancient organisms.

Dr. Cano and his colleagues reason that pathogenic bacteria that have never been exposed to natural antibiotics that disappeared from the world at large millions of years ago may be vulnerable to them. If so, ancient bacterial antibiotics could become valuable new weapons against disease.

Dr. Cano said most of the ancient microorganisms he had cultured are strains of Bacillus sphaericus, a harmless bacterium that is common today in soil and in the bodies of insects.

Whether or not the strains of Bacillus sphaericus found in amber are essentially identical to modern bacteria remains to be seen; skeptics who contend that they are the same say that this shows the "ancient" bacteria to be nothing more than modern contamination.

But Dr. Cano is sticking by his guns. He said his team had taken such scrupulous precautions that accidental contamination appeared to be ruled out.

Stocks Stage An Orderly Retreat From Record Highs

Market Euphoria Fades As Analysts See Signs Of Possible Correction

By Lawrence Malkin
International Herald Tribune

NEW YORK — The stock market conducted an orderly retreat Friday from the year's peak, with analysts and investors deflating their own euphoria but still divided on whether the market will land as softly as the U.S. economy.

After an 82-point plunge Thursday in the year's biggest selloff, the Dow Jones Industrial Average opened Friday almost 3 points higher, at 4,340, and closed at 4,341, an 89-point loss for a week that called recent bullish expectations into question.

As the bubble deflated on Wall Street, the air also went out of stock markets in Asia and Europe, most of which were down a percentage point or two.

But the nervousness did not appear to have spread to the dollar or to the bond market, both of which held steady while traders waited for data on the real economy, due next week, and the meeting of the interest-setting Open Market Committee of the Federal Reserve on Tuesday.

Since November the Dow has risen 700 points, reaching a record high of 4,437 on Monday. The pace accelerated after the new year, with the Dow average rising 11 percent during the past two months alone.

As Wall Street persuaded itself that the Federal Reserve's interest rate increases in 1994 would halve the economy's unsustainable growth rate of more than 4 percent and brake inflation.

Leading analysts said Friday they still believed this soft-landing strategy would succeed.

"A recession will be avoided," Abby Joseph Cohen, top strategist for investment bankers Goldman, Sachs & Co. predicted Friday.

But she said the big trading firm had pulled in its horns a bit, especially on technology stocks, which had paced the market's rise because of the demand for computers to retool industry and to drive the expanding service economy.

She said Goldman, Sachs had reduced the recommended weighting of stocks in client portfolios from 75 percent to 60 percent. It recommended keeping 25 percent of the portfolio in bonds, 10 percent in cash, and 5 percent in commodities.

Some of the prudence Friday may have been part of Wall Street politely calling a correction — or, perhaps, a consolidation.

Technical analysts pointed out that a stock market run-up of this magnitude normally corrects itself by a fall of one-third to one-half of its recent gains as traders take profits and sit on the sidelines for a while.

Optimistic analysts said the market was merely consolidating its gains because technology stocks were still strong and returns on bonds unattractive relative to stocks.

But as the Dow headed for its peak, the overriding sentiment was euphoria.

"Where have all the bears gone?" asked the cover story in Forbes Magazine, which bills itself as the "Capitalist's Tool." Citing one brokerage analyst after another who had abandoned market skepticism in advice to clients, the biweekly magazine said it could find hardly any pessimists on Wall Street.

That may not be an optimum condition, warned Hugh Johnson of First Albany Securities, who tracks prevailing market

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Tehran Grants a Glimpse Of a Nuclear Site Reborn

Russian Workers Are Invisible at Plant That U.S. Fears Could Give Iran a Bomb

By Elaine Sciolino
New York Times Service

BUSHEHR, Iran — At a vast construction site baked by the sun and buffeted by the salty Gulf air, two partly built nuclear reactors are frozen in time.

For the Iranians, the enormous steel and concrete structures represent what might have been and what might be, a symbol of their right to develop nuclear energy and of their potential to become a great regional power.

For the Americans, the reactors are an ominous sign of Tehran's determination to build nuclear weapons within the next decade and a threat to U.S. national security.

There is no evidence that this site, 1,200 kilometers (740 miles) south of Tehran, is a center for a weapons program, and inspectors from the International Atomic Energy Agency have never reported suspicious activity.

But the plant has strained Washington's relationship with Moscow, aggravated already tenuous relations between the United States and Iran and raised the spotlight on a place that has yet to produce either a gram of enriched uranium or a watt of electricity.

The United States and Germany say they have evidence that Iran is secretly buying components and technology from abroad that point to a determined weapons program.

The U.S. view is that the project is dangerous because it will bring hundreds, perhaps thousands, of Russian experts to Iran who could help build nuclear bombs.

Despite the insistence of Iran's leaders that they have no intention of becoming a nuclear power, they have invited few outsiders to Bushehr, and in opening up the

complex to a foreign reporter, they clearly intended to prove they have nothing to hide.

"We only want to get the benefit of the huge amount of money we have already spent," Reza Amrollahi, the head of Iran's nuclear program, said in an interview in Tehran. "We have the right, just like any other country, to develop a peaceful nuclear energy program."

Shah Mohammed Reza Pahlavi once said Iran would have nuclear weapons "without a doubt and sooner than one would think," and it was he who in the 1970s asked the German engineering company Siemens to build a nuclear energy complex for his country.

The revolutionaries who toppled him in 1979 vowed, as they put it, not to waste the people's money on such a frivolous project, and they canceled the contract. But several years later, they changed their minds and decided to make good on the \$6 billion investment.

But Bonn, suspicious of Iran's intentions and under intense U.S. pressure, determined to avoid all nuclear cooperation with Iran. Then the Russians came along this January with an irresistible bargain: They would build and install a light-water reactor in one structure for only \$780 million, and finish the second one if the first went well.

"Because of the bad economic situation in Russia, the Russians can do industrial and technical magic here," said Kazem Khabiri, the deputy manager of the site and a nuclear engineer who received his master's degree from the University of Oklahoma. "For such a small price, I don't think the West could have done such a thing."

Although soldiers guard the site's en-

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The fugitive German tycoon Jürgen Schneider in an FBI vehicle following his arrest in Miami after 13 months in hiding.

Germans Seek Realty King's Extradition

By Rick Atkinson
Washington Post Service

BERLIN — German authorities said Friday that they would ask the United States to swiftly extradite Jürgen Schneider, the fugitive construction magnate who was arrested in Miami on Thursday after a 13-month global manhunt.

Federal law enforcement officials have already filed out an extradition application, a Justice Ministry spokesman said, although it may be several months before Mr. Schneider, 60, returns to face trial in Germany on fraud and forgery charges.

Mr. Schneider, who was being held in a jail cell across the street from Miami's federal courthouse, faces up to 10 years in prison if convicted.

The so-called "construction king," who built Germany's largest private real estate empire before vanishing in April 1994, is accused of duplicitously amassing debts of more than 5 billion Deutsche marks (\$3.5 billion). The flight of the bricklayer who became a billionaire tycoon shocked the

country and deeply embarrassed the giant Deutsche Bank, which had bankrolled him with \$830 million.

Considered one of Germany's most-wanted fugitives, Mr. Schneider had been variously reported to be in the Bahamas, Iran, Paraguay and other exotic locales. But the police said he apparently spent most of the past year in the United States after fleeing Europe on a flight from Switzerland to Washington.

News of Mr. Schneider's arrest by the FBI was greeted with enthusiasm Friday by German banks, construction companies and others left holding the bag after his abrupt disappearance.

"We hope that it will be shown whether there's still money hidden somewhere which could be used for unpaid tradesmen," said Karl Klumpp, spokesman for a workers' association.

At a press conference in Wiesbaden, German police said they tracked down Mr. Schneider by following an Italian courier who also acted as the fugitive's driver and assistant. The courier, identified as Luigi

Poletti, flew from Geneva to Miami earlier this week and was seen leaving an apartment building on Thursday in a rental car with another man, according to Hans Schmid, who headed the investigation.

The two men bought liquor and fruit before stopping at a bank north of Miami. When Mr. Poletti went inside, German investigators and FBI agents approached the car and arrested the man, who, despite having grown a mustache and shed his trademark toupee, was recognizable as Mr. Schneider. An hour later the fugitive's 49-year-old wife, Claudia, was arrested in a luxury condominium where the couple reportedly had lived for at least eight months.

Mr. Schneider parlayed his passion for renovating old buildings into a constellation of richly appointed commercial properties, including such glitzy enterprises as the Schiller Passage shopping mall in Frankfurt, Hotel Rose in Wiesbaden and the Berheimer Palace in Munich. He was

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AGENDA

NATO Seeks Balkan Troop Pledges

BRUSSELS (Reuters) — The North Atlantic alliance's military head is asking member countries for firm pledges on troops and equipment for a possible UN withdrawal operation from former Yugoslavia, NATO sources said Friday.

They said General George Joulwan had been authorized by NATO's political wing to seek specific answers on what troops member nations would be prepared to commit.

NATO officials immediately sought to play down the significance of the move, stressing that it was not a request for mobilization and fell into the category of planning.

The United States has indicated it would provide about half of the 40,000-to-45,000 force required for what would be the largest military operation ever undertaken by the North Atlantic Treaty Organization.

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From Yeltsin Effort at Harmony, Discord

By Michael Specter
New York Times Service

MOSCOW — When President Boris N. Yeltsin persuaded his final few supporters to form their own political party last month, it seemed like a crafty effort to circle the wagons: A powerful centrist bloc might be the only way to keep extremists from winning elections here later this year.

But what began as an attempt at political consolidation has quickly turned into an epidemic of divisiveness.

Newsstand Prices

Andorra	8.00 FF	Luxembourg	80 L	Fr
Antilles	11.20 FF	Morocco	13 Dh	
Cameroun	1.400 CFA	Catar	8.00 Rials	
Egypt	5.000 E.P.	Réunion	11.20 FF	
France	9.00 FF	Saudi Arabia	9.00 R.	
Gabon	960 CFA	Senegal	960 CFA	
Grèce	350 Dr.	Spain	225 PTAS	
Italy	2.800 Lire	Tunisia	1.250 Dh	
Ivory Coast	120 CFA	Turkey	1.450 L.	
Jordan	1 JD	U.A.E.	8.50 Dirh	
Lebanon	1.500 L.L.	U.S. Mil. (Eur.)	\$1.10	

Mr. Yeltsin had hoped to create blocs — one led from the right by Prime Minister Viktor S. Chernomyrdin; another from the left by the speaker of Parliament, Ivan P. Rybkin.

Other democratic parties, fearing the rise of fascism or the return of communism, were to rush to the center in an effort

to hold the line for moderation and reform. That would supply enough gravity in the center to fend off the extremes. At least that was the idea, which lasted less than a week.

"These parties created by the power elite are in no way compatible with what is called democracy," said Grigori A. Yavlinski, a liberal economist who leads his own political faction.

Mr. Yavlinski's faction, while not very popular, is far more attractive to most voters than anything associated with Mr. Yeltsin. "This bloc of the old leaders is going to do nothing for unity," he said.

But then neither, it appears, is Mr. Yavlinski. For a tantalizing day last week he appeared ready to unite his political faction with Russia's Choice, the party of Yegor T. Gaidar and the largest liberal group in the country.

Both men appeared last Sunday night on the talk show Itogi, and Mr. Yavlinski acknowledged that without harmony between their groups, the democrats could be in for a rough ride at the polls in December.

But democracy is still new to Russia, and harmony has never been one of the country's best known attributes. By the next day, Mr. Yavlinski was acting as if he had been forced to make such conciliatory comments.

And members of Russia's Choice have now declared war on the only political group whose ideology they essentially share.

"He acted like the worst of traitors," said Alla Y. Gerber, a member of the

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Chasing the Balanced-Budget Rainbow

Congress Has Tried Before to Rein In the Deficit, but in Vain

By David E. Rosenbaum
New York Times Service

WASHINGTON — "Make no mistake about it, this bill is a historic watershed," said Senator Bob Packwood, Republican of Oregon. "If this bill does not work, or if Congress and the president attempt to frustrate it, we will lose our last significant opportunity to deal with the deficit."

Those sentiments were expressed repeatedly as the House of Representatives approved a resolution Thursday that is supposed to lead to a balanced budget by 2002 and the Senate began debate on a companion measure.

But Mr. Packwood's remarks were not made Thursday. They came on the night 10 years ago when Congress approved the Gramm-Rudman-Holting legisla-

tion, which was meant to put the budget into balance by 1991.

The fact is, Congress has been promising a balanced budget ever since 1978, when legislation was adopted stating that beginning in the fiscal year 1981, spending "shall not exceed" receipts.

But each time the screw was tightened so much that people were threatened

ing to a balanced budget, or whether today's promises will evaporate once the heat is turned up like so many drops of water in a skillet.

No one can answer the question with any confidence. But economists and political analysts who are following the matter agree that this year feels different.

One reason is that the Republicans who control Congress are unified like no other party in decades, and they are committed to the goal of a balanced budget. Many of those elected for the first time last year believe that their advocacy of a balanced budget was crucial to their success at the polls.

Another difference is that the budget resolutions in the House and Senate this year, despite their lack of specifics, contain few of the gimmicks and unrealistic

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Mr. Léotard, left, handing over the post of defense minister on Friday to Mr. Millon.

French Minister on the Defensive

PARIS — The new French defense minister, Charles Millon, acknowledged Friday that he had not done the military service compulsory for most young Frenchmen. "I will say this very clearly: I was exempted for medical reasons. Period," Mr. Millon said when asked about his military record as he took over from François Léotard.

Mr. Millon, 49, gave no information about the medical reasons for his exemption from service, which would have been for 16 months.

Mr. Millon, named Thursday in the new cabinet of Prime Minister Alain Juppé, had

shown little public interest in defense matters during a long career in politics.

Army officers were nervous before the ceremony, recalling the irreverent comments that marked Mr. Léotard's first contacts with the press three years ago.

Although now a member of the center-right, Mr. Léotard was an extreme leftist when he was called to military service and only narrowly avoided a court-martial for recurrent clashes with superiors. But he wooed the grudging respect of the military during his ministerial tour for successfully promoting defense budgets.

Chirac Sounds Battle Cry on Joblessness

PARIS — President Jacques Chirac, in his second day in office, urged Parliament on Friday to join his battle against unemployment.

Each legislator, he said in a written message, "has a crucial mission and responsibility in the tasks we must undertake and particularly in the battle against unemployment, which is a cancer in our society."

"Citizens' confidence in their leaders is weakened when unemployment and social exclusion cannot be checked," the president said.

In remarks intended to show he was moving swiftly to carry out campaign promises, he proposed two constitutional reforms. One would broaden the issues on which referendums may be called and the other would lengthen the parliamentary session.

The Parliament now meets in two sessions totaling about six months a year, broken by long recesses. Under the proposed reform, it would meet for a continuous nine-month session. The proposed reform was a gesture to the National Assembly president, Philippe Seguin, a key Chirac backer during the presidential campaign.

U.K. Tories' Latest Caper: Covering Up Favors

By John Darnton
New York Times Service

LONDON — For Prime Minister John Major and his besieged Conservatives, the timing could not have been worse.

Just as the House of Commons was getting ready to wade into a provocative debate over the scandalous conduct of members of Parliament, a new scandal broke over the heads of the governing Tories.

Coming at a time when the government wants to limit political damage by embracing reform proposals, the scandal practically ensures that Parliament will adopt a sweeping code to regulate the behavior of its members. The goal would be to try to wean them from the influence of lobbyists and businesses that legally carry them on the payroll.

The latest revelation concerns Sir Jerry Wiggin, a senior Conservative lawmaker and former minister. Paid to represent a trade association, he tried to attach an amendment to a bill under the name of another lawmaker, Sebastian Coe, the former star middle-distance runner.

Mr. Coe, unlike Sir Jerry, is a member of the committee considering the bill, which would have loosened some restrictions on trailer park owners when it comes to supplying gas to trailers. When Mr.

Coe learned that someone else was using his name, he withdrew the amendment and went public.

Sir Jerry, 58, a former junior minister in the Defense Ministry, is a paid adviser to the British Holiday and Home Parks Association. He is on a trip to South Africa sponsored by the House of Commons, and British news programs have shown him refusing all substantive comment on the ground that he has not had a chance to read the newspapers.

But in comments taped before the scandal broke and broadcast by Channel 4's "Dispatches" program, which together with The Guardian newspaper first disclosed the allegations against him, he implied that the practice of using "a friend" to insert amendments was not uncommon.

"I personally find it more tactful if possible to find people who are interested in the subject than to do it oneself," he said.

The speaker of the House of Commons, Betty Boothroyd, said that she was "seriously examining" the case.

By coincidence, Thursday was the opening day of Parliamentary debate on a series of reforms proposed by a special 10-member committee led by Lord Justice Nolan. It was set up by Mr. Major last October in response to a series of scandals. In the most prominent case, two ministers resigned after reports that they had accepted payments from the owner of Harrods depart-

ment store to pose questions on his behalf as he was fighting to purchase the store.

It is legal for lawmakers to represent businesses and even lobbying organizations, and many do. Research by the Nolan Committee found that 30 percent of the backbench members of Parliament — those not in the cabinet, or in the opposition's "shadow cabinet" — hold paid consultancies. Of 566 eligible members, 389 have financial relationships with outside bodies connected to their work as lawmakers.

Is Major Foot-Dragging?

Mr. Major was accused Friday of delaying action on the Nolan inquiry after pressure from members of Parliament of his own Conservative Party. Reuters reported. The government announced the creation Thursday night of a new committee to study the inquiry's findings after Conservative legislators reacted angrily to calls for restrictions on their earnings outside Parliament.

Opposition politicians attacked the latest committee as a delaying tactic.

"Why is it that your government seems incapable of sticking to a course of action for more than five minutes?" the minority Liberal Democrat leader, Paddy Ashdown, said in a letter to Mr. Major.

The Labor Party leader, Tony Blair, challenged Mr. Major to "show leadership" and to put the rules into effect.

Belgian Coalition Faces Voters

Sunday's Election Seen as Test for Embattled Socialists

By Tom Buerkle
International Herald Tribune

BRUSSELS — Belgium's governing coalition limped to the finish of the country's election campaign on Friday, with voter dissatisfaction over high unemployment and corruption scandals threatening the government's drive for a new mandate to continue its economic reforms.

Prime Minister Jean-Luc Dehaene and his Flemish Christian Democrats have made gains in recent polls and appear likely to beat back a challenge from the Flemish Liberals to remain the largest party in Dutch-speaking Flanders, and hence the country.

But Mr. Dehaene's gains may not make up for losses by one of his coalition partners, the Flemish Socialists. The party has seen support drop over investigations of alleged bribes by the Italian helicopter-maker Agusta, an affair that forced Foreign Minister Franck Van den Broeck to resign last month and has put pressure on Willy Claes to step down as secretary-general of the North Atlantic Treaty Organization.

Mr. Dehaene called the election hoping for a mandate to continue his long-term effort to reduce the deficit and national debt, which at over 130 percent of output is more than double

the ceiling for joining a single European Union currency.

But a poor showing by the Socialists in the voting on Sunday would force the coalition to enlist support from the Liberals or the Greens, an unstable mix that would make it difficult to tighten up the current austerity policy, officials and economists concede.

After the last election, in 1991, it took Mr. Dehaene more than three months just to form his four-party coalition.

"If Belgium still has the ambition of entering an economic and monetary union, we will have to take some very profound and drastic measures," Mark Eyskens, a former Christian Democratic prime minister, said recently. "That will be very difficult with a three-party government."

Mr. Eyskens should know. He was a member of the last tripartite coalition among Christian Democrats, Socialists and Liberals in the late 1980s, and it lasted only three months. Given the complexities of Belgium's linguistic divide, each political current has separate parties for Flanders and for French-speaking Wallonia, complicating coalition calculations.

So far, financial markets are betting that the coalition will pull through, with the Belgian franc holding firm Friday at 20.585 to the Deutsche mark.

Market participants are more concerned about economic policy across the border, since a abandonment of France's strong-franc policy by President Jacques Chirac would unleash instability across Europe, said Willy Kestens, head of foreign exchange trading at Kredietbank.

The last published opinion poll early this month showed the Christian Democrats and Socialists together drawing support of just over 45 percent, which, given Belgium's system of strict proportional representation, would leave them short of a majority in Parliament. The Liberals polled just over 25 percent.

Algerian Killed Self To Protest Paris Fate

The Associated Press

PARIS — An Algerian television director who fled an Islamic insurgency in his homeland died after setting himself afire in a Paris park to protest his difficult situation, friends said Friday.

The director, Mohammed Amzert, 46, died a week ago, on May 12. He set himself afire in the Parc de Choisy on the southern edge of Paris to protest the fate of hundreds of exiles leading uncertain lives in France after fleeing Algeria to escape death, friends said.

The police confirmed Mr. Amzert's death, saying he had died in a Paris hospital where he had been taken in serious condition after setting himself ablaze.

Mr. Amzert, who made documentaries for Algerian television, "wanted, by this act, to end the daily humiliation and call authorities' attention to the desperate situation of numerous countrymen like him," said a member of his entourage, seeking to remain anonymous.

Thousands of Algerians who consider themselves potential targets of Islamic extremists have fled, mainly to France, to wait out the insurgency, which has left more than 30,000 people dead in three years.

Once in France, the refugees are given temporary cards that must be renewed every three months but do not allow the bearers to hold jobs. Few are accorded refugee status, the authorities say.

2 Writers 'Lose' A Borrowed Rare Bentley

Reuters

LONDON — A dream assignment — to drive one of the world's most luxurious cars across Europe — ended in nightmare when the Bentley Azure was stolen from an Italian garage.

Two British motoring correspondents were lent the £215,000 (\$336,000) car to accompany the Mille Miglia car rally in Italy.

Disaster struck in the town of Brescia, where they parked the red Bentley in a locked underground garage and switched on an electronic alarm system that locks the gearbox. On Thursday they discovered the car gone.

Bentley executives reacted with aplomb. The car was insured, they said, and they lent the car to the British motoring press. A spokesman for the British automaker said the rare car — only 118 are being produced this year — might have been stolen to order. "This is not just joyriders," he said. "It is like works of art being stolen."

Zaire Eases Quarantine in Ebola Outbreak

Compiled by Our Staff From Dispatches
MBANKANA, Zaire — The government decided Friday to ease a quarantine intended to keep the deadly Ebola virus from spreading, but thousands of people trying to leave the "hot zone" were still trapped behind roadblocks.

Soldiers would not let them pass, and there was little water, food or shelter, increasing the risk of an outbreak of other diseases.

Hoping to keep the Ebola virus from spreading to Kinshasa, the capital, the government had decreed a quarantine for Kikwit, the city where the virus surfaced two months ago, and its surrounding province.

On Friday, government officials said the quarantine would be relaxed to cover only Kikwit, about 500 kilometers (300 miles) east of Kinshasa. People from elsewhere in Bandundu Province will be allowed to travel and enter the province.

"We are following the advice of medical experts who confirm that a broader quarantine is unnecessary," said Lonyangela Bopenda Bo-Nkuma, the health minister.

People stranded at roadblocks will be examined and

"those who show no symptoms of any infectious diseases will be allowed to continue their journey," Philippe Stroot of the World Health Organization said in Geneva.

But it was unclear how long it would take for the travelers to be checked or whether authorities in the field even had the capacity to conduct them.

So far, the incurable virus has killed 89 people out of 124 identified cases.

So far, no Ebola cases have been diagnosed in Kinshasa, a city of 6 million people, although doctors have cautioned that symptoms usually do not appear until 21 days after infection. In Kikwit, five new cases are appearing daily, said Dr. Jean-Jacques Muyembe Tatum, a virus expert.

But medical experts say a wide-ranging quarantine is not only ineffective but also counterproductive.

"As soon as you start closing people in you give them a bloody good reason to run," Bob Swanepoel, a South African virologist, said in Kikwit. "The more they run, the more they spread the disease."

Mr. Muyembe urged authorities to begin a radio-television

campaign to explain how the virus is transmitted — through exposure to body fluids — and to send more doctors and medical equipment to Kikwit.

In the past week, several thousand people trying to get to Kinshasa have arrived from towns in the quarantine region, about 160 kilometers east of Kinshasa. About 250 big trucks are lined up there, most of them carrying produce from the quarantine area.

People were sleeping out in the open, they had no clean water and were living off produce

from trucks. Officials fear an outbreak of disease.

The measures taken to keep people out had led to fear of shortages and rising prices, making life hard for residents of Kinshasa.

In Kinshasa, after a night of heavy rain, shoppers stepped carefully among sticky wooden food stalls through an ankle-deep gray sludge of mud and rubbish.

"Prices keep on going up and the zaire falls against the dollar, it makes life very difficult," said Annie Lebi, a shopper.

More Nations Screening For the Ebola Virus

Compiled by Our Staff From Dispatches

ADDIS ABABA, Ethiopia — Ethiopia announced Friday that it would follow the lead of many other countries in screening airline passengers for the Ebola virus in Zaire, and the European Union said it was banning imports of five monkeys from Zaire.

British officials quarantined three Zairians, and South Korea asked its nationals in Zaire and neighboring African countries to be ready to evacuate if the virus spread from the countryside to the cities.

British health officials appealed for people traveling from Zaire to see a doctor immediately if they showed any symptoms of the lethal virus.

It said the family of three Zairians taken to a hospital after they showed flu-like symptoms had shown no evidence of infection with Ebola. They are being held for observation.

The three — a mother and two children — complained about feeling ill while they were

at a Home Office building in suburban Croydon.

A spokesman for the Public Health Laboratory Service said: "The fever they had has subsided overnight and they all have normal temperatures."

The Ethiopian Health Ministry said that a group of experts was at the Addis Ababa airport to carry out medical checks on passengers coming from Zaire.

Travelers will be asked to produce a medical certificate, if necessary, the ministry told the ENA news agency.

The EU ban on monkeys will last until at least the end of July and may be extended, said Gerry Kieley, a spokesman for the European Commission. Germany requested the ban, which was approved by the committee of veterinary experts from member nations.

Mr. Kieley said monkeys are imported mostly for research. The Ebola virus has long been associated with monkeys, which like humans can be infected and die of it. In some cases humans are believed to have become infected through contact with monkeys or apes.

Russia said Friday that it would also examine Zairian citizens arriving in Moscow. But it said the checks — taking passengers' temperatures and moving feverish patients to hospital for further tests — would not apply to transit passengers from Zaire.

(AFP, AP, Reuters)

DEATH NOTICE

Sheldon, A Davis

A memorial gathering will be held on 31 May, 11 am at The Industrial Society, 4 Carlton House Terrace, London SW1. RSVP Organisation Insight. 444 1734 880234

BRIEFLY EUROPE

Finland Leader Bars NATO Entry

BRUSSELS — The new prime minister of Finland, Paavo Lipponen, made it clear Friday that his country had no plans to join NATO, declaring that Finland "is no East European country."

"As far as NATO membership is concerned, it is out on the agenda for Finland," he said. "We have no security deficit."

Finland shares a 1,270-kilometer (790-mile) border with Russia. Helsinki has repeatedly stressed that it has no plans to abandon its policy of military nonalignment.

Speaking in Brussels, Mr. Lipponen said Finland wanted to make a contribution in the military field and was considering upgrading its peacekeeping capabilities. But he added, "We draw a clear line between peacekeeping and peace enforcement. Peace enforcement is not for us." (Reuters)

Cross-Channel Sprees' Ill Effects

BRUSSELS — Britons' rush to buy cheaper beer, wine and tobacco in France and Belgium is distorting competition, the European Commission said Friday.

"It is clear that some of the products being purchased by British customers are, in fact, being resold, illegally, in the United Kingdom," the European Union's executive body said in a draft report on excise duties on tobacco, alcoholic drinks and mineral oils.

But under strong pressure from conflicting interests, in particular from the wine, beer and spirits industries, the commission did not propose a solution.

Under single market rules, there is no limit on the amount of beer or wine an individual can buy, duty-paid, in another EU country provided it is for personal consumption.

The report says Union states are largely responsible for cross-border shopping problems. Efforts to balance duties among the countries have regularly failed. (Reuters)

Pope Set for Polish and Czech Visit

VATICAN CITY — Pope John Paul II takes to the road again Saturday with a three-day visit to the Czech Republic and his native Poland.

His wanderlust undiminished despite walking with a limp since leg surgery last year, the Pope will visit Prague and Olomouc in the Czech Republic and a string of tiny towns just across the border in the land where he was born.

The trip begins three days after the Pope's 75th birthday and is the second of six foreign visits scheduled for what his spokesman has called the "year of the five continents."

The main purpose of the visit is to make saints of two people who lived in Moravia, the eastern part of the modern-day Czech Republic, in the 13th and 17th centuries.

The main canonization, that of the priest Jan Sarkander, has created a feud with Czech Protestant leaders. Protestants tortured Sarkander to death in 1620 in an attempt to learn about the military strategy of Hapsburg Catholic forces in the wars for religious supremacy in the area.

Many modern Protestants charge that Sarkander was a traitor and agent of oppression who encouraged a Catholic invasion.

The pope's 10-hour jamet Monday to three towns in southern Poland is billed as a tribute to the area where Sarkander was born. (Reuters)

Poll Gives Berlusconi Good News

MILAN — The media tycoon Silvio Berlusconi is on the way to winning a referendum to be held next month that will allow him to maintain his grip on Italian commercial television, an opinion poll published Friday showed.

In the votes, set for June 11, Italians will be asked if private ownership of national television stations should be limited to one channel, compared with the present three operated by Mr. Berlusconi's Fininvest company.

A survey by the Directa agency said 56.5 percent of Italians opposed the motion while 43.5 percent were in favor of reducing the former prime minister's television interests.

Fininvest controls more than 90 percent of the Italian commercial television market through its three stations. The channels' audience share equals that of the three state television channels.

But 51 percent said they support a referendum question that proposes severely cutting the time available for advertising breaks during televised films.

On the issue of whether state television should be privatized, which is also on the June referendum, 60 percent of respondents approved, the Directa survey said. (Reuters)

TRAVEL UPDATE

Hotel Returns to Holy Land

TEL AVIV (Reuters) — The promise of Middle East peace has lured Inter-Continental back to the Holy Land, where it handed over its only hotel in territory under Israeli rule to the king of Jordan nearly 10 years ago.

The hotel was in Arab East Jerusalem, an area occupied and annexed by Israel in 1967 but claimed by Palestinians as the capital of a future state. The luxury hotel chain wanted out of the political controversy. But now Inter-Continental plans to open a hotel in Tel Aviv by 1998, the first international hotel to be built in Israel's financial capital in more than a decade.

Inter-Continental is also considering hotels in Elat and Jewish West Jerusalem. Hyatt is building in Tel Aviv, while Hilton has plans for the Dead Sea and Jerusalem. Tourism reached a record in 1994, when 2.17 million people visited Israel, up 12 percent from 1993, Tourism Ministry figures show.

Interfaith Center in Cairo

CAIRO (AP) — Egypt's oldest synagogue, once a ruined relic of a dying community, has been restored as a center for Christian, Muslim and Jewish understanding.

The Ben Ezra Synagogue, on the site where tradition says Moses was found in bulrushes

along the Nile, was opened recently to tourists and will soon inaugurate a library of Hebrew literature.

Located inside the ruined walls of a Roman fortress, the synagogue sits among medieval Christian shrines and near the Amir Mosque, which was built to celebrate the Muslim conquest of Egypt in 641. The restoration began in 1987 and involved an international team of archaeologists, architects, artisans and Egyptian craftsmen.

Swissair flights to Zagreb, Croatia, will resume Saturday, two weeks after they were suspended when Zagreb airport came under fire. Austrian Airlines also said it would resume flight to the Croatian capital. (AP, AFP)

Striking workers from the Polish tractor maker Ursus blocked a main rail line out of Warsaw for several hours on Friday to back their demands for more pay and government help for their heavily indebted company. (Reuters)

Airfares on domestic flights in China for foreigners will rise by an average of 20 percent beginning July 1, an official said Friday. Fares for Chinese nationals on the same flights, already up to half as cheap as those for foreigners, will remain unchanged. (Reuters)

The Philippines has banned the consumption of mussels, oysters and clams after two children died and dozens of others were hospitalized after eating them, officials said Friday. (Reuters)

In this Monday's
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Herald Tribune
INTERNATIONAL
PUBLISHED BY THE NEW YORK TIMES AND THE HONG KONG TIMES
THE WORLD'S DAILY NEWSPAPER

Christopher Error on North Korea Stumps Washington

By R. Jeffrey Smith
and Thomas W. Lippman
Washington Post Service

WASHINGTON — Secretary of State Warren M. Christopher, master of lawyerly precision, created embarrassment at the State Department and confusion on Capitol Hill by misstating an important element of U.S. policy toward North Korea.

State Department officials said Mr. Christopher was incorrect when he told a Senate Appropriations subcommittee that U.S. fuel oil shipments to Pyongyang would not resume until a dispute over the source of nuclear reactors to be built in the North had been resolved.

There is no such linkage, department officials said. The administration is not linking the oil shipments to the reactor dispute, they said, but plans to defer them only until North Korea agrees to stop diverting the oil from its agreed purposes.

Mr. Christopher's statement at the panel hearing provoked anguish within the department Thursday afternoon, as well as some finger-pointing at senior aides who were privately blamed for inadequately briefing the secretary in advance.

The confusion arose at a particularly awkward moment: A deputy assistant secretary of state for East Asian and Pacific affairs, Thomas Hubbard, arrived Friday in Kuala Lumpur for talks with a North Korean delegation. The meetings, set to start Saturday, are to address the dispute over South Korea's offer to construct two nuclear reactors inside North Korea.

U.S. officials were worried that Mr. Christopher's remark would be seen as an attempt to blackmail the North Koreans, who have walked out of earlier talks with less provocation.

The reactor dispute arises from maneuvering between the Koreans to deny each other any political advantage from implementation of the U.S. nu-

clear accord with North Korea. The deal called for Pyongyang to get two reactors worth an estimated \$4.5 billion in exchange for dismantling some other reactors and associated nuclear facilities that Washington said were devoted to producing an arsenal of nuclear weapons.

North Korea has balked at allowing South Korea to play a central role in the reactor construction out of concern that the arrangement would confer a superior status on its enemy. Seoul has insisted on playing that role because it is contributing the bulk of the funds for the project and wants North Koreans to become more aware of its technological prowess.

Many State Department officials consider the oil diversion issue a comparatively minor matter, but Senate Republicans have sought to highlight it as evidence that Pyongyang cannot be trusted to abide by the terms of an accord that they consider excessively generous.

Under the October 1994 accord, the administration promised to arrange for regular deliveries of fuel oil to be used by North Korea for "heating and electricity production." The idea was to compensate Pyongyang for some of the energy it supposedly lost by halting its existing nuclear program — an arrangement that stems from what U.S. officials say is a fictional claim by North Korea that its nuclear program had a goal other than bomb-building.

Washington complained in February that a small portion of its first shipment of 50,000 tons of fuel oil had been diverted to an iron and steel factory. It demanded an explanation and a promise that the diversion would not recur, but Pyongyang denied that the accord had been violated. The next shipment of oil is scheduled for July but will not occur unless satisfactory arrangements to prevent diversion are in place, the State Department said.

Mr. Christopher's statement came while he was being asked by Senator

Mitch McConnell, Republican of Kentucky, for an explanation of an administration decision to go forward with the oil shipments and the opening of a diplomatic liaison office in North Korea while the country was refusing to conduct any substantive dialogue with South Korea, as required by the nuclear accord.

Mr. Christopher, whose aides later said he had not been prepared for the question, responded that "until we have completed the program" for providing the South Korean reactors, "we will not go forward with the discussions of the oil nor will we furnish any additional oil."

The statement was all the more embarrassing because it conflicted with recent claims on Capitol Hill by State Department specialists on North Korea that the shipments would proceed on schedule, as long as Pyongyang kept to its promise to keep the existing reactor idle.

POLITICAL NOTES

A Pentagon Salute Goes Awry

WASHINGTON — Of the 17 miles of corridors in the Pentagon, the most hallowed hallways commemorate famous battles and famous generals like Eisenhower and MacArthur. Now, without fanfare and to the displeasure of some career officers, the Defense Department has installed a new exhibition honoring "Our Commander in Chief," Bill Clinton.

A long third-floor corridor features 27 framed color photographs of Mr. Clinton, including shots of him meeting soldiers in Kuwait, eating with sailors on an aircraft carrier, playing his saxophone in an air force band and jogging with troops on a beach.

Some officers consider the exhibition a public relations effort by political appointees at the Pentagon to bolster Mr. Clinton's image with troops who distrust the president's Vietnam draft record and his policy on homosexuals in the armed forces.

"When I saw it, I just shook my head and said to myself, 'Someone is really trying to kiss up to the White House,'" said an army officer. "It's a Bill Clinton love fest with the military."

The White House says it had nothing to do with the exhibition, and in fact a junior aide to Defense Secretary William J. Perry takes credit for the display, which cost \$7,889. The Perry aide, a 43-year-old former Clinton campaign worker, says there is nothing political going on. "In the Old Executive Office Building and the West Wing of the White House, they have a lot of blow-up photos of the president," said the aide, Charles Duncan, a Pentagon liaison with the White House. "So I thought with all the people in this building, it'd be a good idea to display the commander in chief here." (NYT)

A Promise to End-Run Clinton

WASHINGTON — The Republican national chairman, Haley Barbour, has reluctantly concluded that Republicans will have to "go it alone" in cutting projected spending on Medicare because President Bill Clinton and congressional Democrats has refused to join the effort. But Mr. Barbour said Republicans could reap political dividends because they would receive most of the credit for saving Medicare from bankruptcy.

His comments were the first indication that Republicans were contemplating unilateral action to redesign Medicare and slow the growth of the health program, which serves 37 million elderly or disabled people.

"At this stage of the game it looks like the Republicans will have to go it alone," Mr. Barbour said. "As you know, we have asked repeatedly, publicly and privately, that the administration join in a bipartisan effort to save Medicare." (NYT)

Panel Is Impatient With Packwood

WASHINGTON — The Senate ethics committee, frustrated over the 30 months its investigation of Senator Bob Packwood has taken, intends to give him a firm deadline to respond to its charges against him, committee aides said.

The committee is likely to give Mr. Packwood, Republican of Oregon, about a month to answer. It is expected to set the deadline before it presents him with a summary of the evidence against him Monday.

Mr. Packwood, accused by the committee of sexual misconduct, evidence tampering and asking lobbyists to cut the cost of his divorce by finding a job for his wife, can ask to appear before the committee, and he can ask for hearings on the charges. (NYT)

Quote / Unquote

The administrator of the National Aeronautics and Space Administration, Daniel S. Goldin, on congressional cuts in NASA's budget: "I want to tell you I have had it. That cut is 20,000 jobs. Well, maybe they ought to cancel the space program. Then we could all sit in the bleachers and watch the rest of the world go by." (LAT)

U.S.-Japan Dispute Worries the Asians

Security Umbrella Could Tear

By Michael Richardson
International Herald Tribune

SINGAPORE — In previous trade disputes between the United States and Japan, Asia-Pacific countries fretted that economic tensions might strain the security ties between Washington and Tokyo that underpin regional stability.

This time, regional concerns are more acute. Tokyo has shown no sign of budging in the face of threatened sanctions, while Washington is warning for the first time of consequences for the bilateral security alliance. In the background, China is looming larger as a possible military threat.

"China is the new strategic shadow hanging over this dispute," an Asian official said Friday. "We need to have both the U.S. and Japan as a counterweight to China."

Yet senior American officials, reflecting the frustration that the Clinton administration feels after fruitless rounds of trade talks with Tokyo, are pushing the stakes beyond economics into security.

The United States said Tuesday that punitive tariffs worth \$5.9 billion on imported Japanese luxury cars would be imposed if Japan fails by June 28 to open its markets to American cars and auto parts.

Michael McCurry, the White House press secretary, said that the security relationship with Japan had not yet been poisoned. But if bilateral economic problems were not resolved, he added, "they can have an impact on some other aspects of cooperation."

Analysts say that following the end of the Cold War, it has become increasingly difficult for the U.S. government to maintain public support for a costly security policy to protect Japan, especially with the United States running a huge trade deficit with Japan and U.S. products largely being excluded from the Japanese market.

Ralph A. Cossa, a Honolulu-based regional security expert with the Center for Strategic and International Studies, said that while both sides had made "a concerted effort to keep economic frictions from impacting on the security relationship, economics and security are becoming increasingly intertwined."

He said that the greatest threat to the U.S.-Japan security alliance today is "eroding public support in both nations, which is caused in large part by continuing economic frictions."

The Asia-Pacific countries devastated by Japanese military occupation before 1945 view the alliance as insurance against Japan again becoming an independent, and perhaps dominant, military power.

Under the alliance, Japan allows U.S. forces access to Japanese bases while its own forces patrol no further than 1,000 nautical miles from the Japanese homeland.

Masashi Nishihara, professor of international relations at the National Defense Academy in Tokyo, said that what was new about the current trade dispute was that Japan had shown no sign that it was ready to seek a compromise.

Many other countries in East Asia support the Japanese stand, partly because they oppose American unilateralism and partly because they fear they may become the next targets of U.S. trade sanctions.

Most East Asian economies, led by China, have large trade surpluses with the United States and maintain barriers to American goods and services, a source of bitter complaint in Washington.

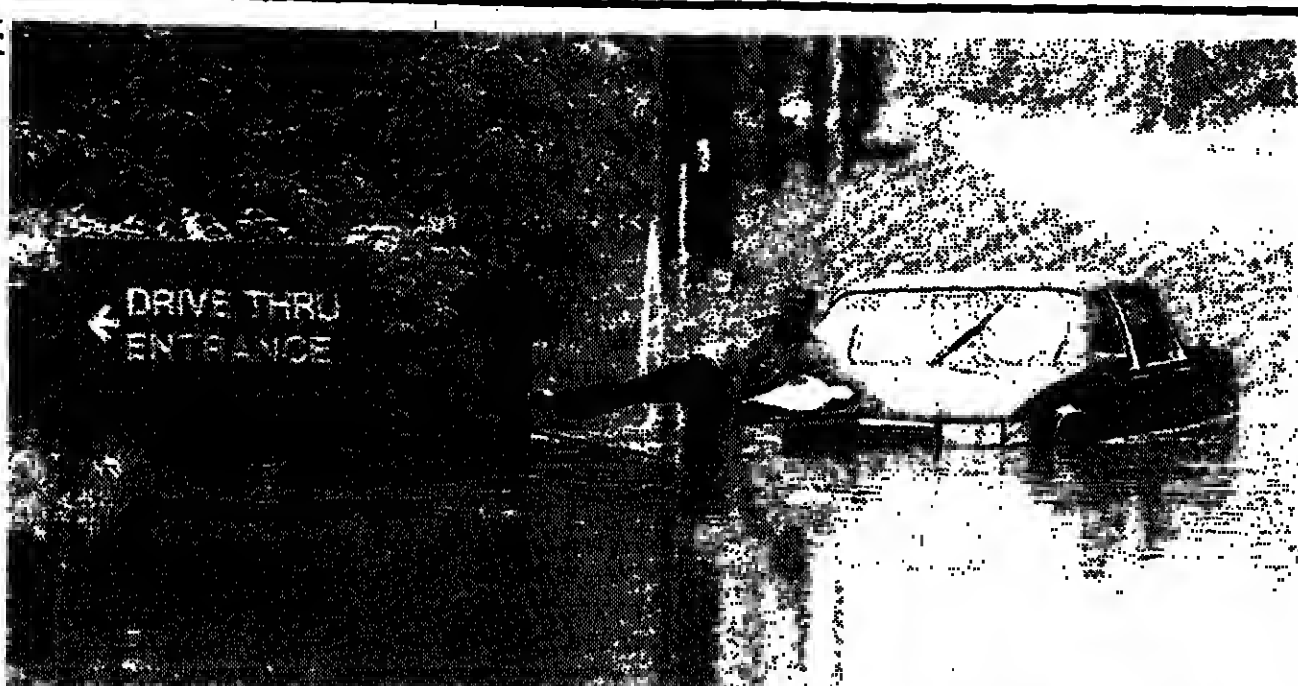
Nonetheless, Mr. Nishihara said that he was "more or less optimistic" that Japan and the United States would be able to keep their trade dispute separate from their security relationship.

He said that because China's power was "becoming more formidable, it makes U.S. security relations with Japan more important" both for America and for regional stability.

In recent years, Japan and other Asia-Pacific countries have developed extensive trade and investment with China in the expectation that economic growth would moderate its military and political behavior.

However, apprehension about China's intentions toward Southeast Asia now dominates thinking in official circles in the Association of South-East Asian Nations, said Hilman Adil, director of the Center of Social and Cultural Studies at the Indonesian Institute of Sciences in Jakarta.

China's assertive policy in the South China Sea and its recent resumption of nuclear weapons testing show that it is intent on becoming "a major military power within the shortest possible time," the Jakarta Post said in an editorial Wednesday.



KNEE DEEP — A Missouri man stretching to winch a car from floodwaters near the Blue River in Kansas City.

Away From Politics

• The navy secretary will consider granting an honorable discharge to a helicopter pilot who says his beliefs as an Episcopalian would not allow him to lead women into combat. Lieutenant Commander Kenneth A. Carknuff, who is based at Mayport Naval Station in Florida, said that the Bible teaches "that we should not subject women to violence." (AP)

• A federal judge in Tampa, Florida, has thrown out the first lawsuit that claimed that cellular phones cause brain cancer, saying there was no credible evidence to link a link. David Reynard filed the suit against a manufacturer and a carrier in 1993, saying that his wife, Susan, had

died after contracting cancer from a cellular phone. (AP)

• FBI agents searched the Philadelphia home of a fund-raising executive, John G. Bennett Jr., after the Securities and Exchange Commission filed a lawsuit alleging that he had diverted \$4.2 million from the Foundation of New Era Philanthropy to his own businesses. (AP)

• A Los Angeles couple who built a fortune after founding a mail-order business left \$7.8 million to Harvard Medical School to study Alzheimer's and other diseases. The bequest establishes the Edward R. and Anne G. Lefler Center for the Study of Neurodegenerative Disorders. (AP)

• The first person convicted in the United States for possessing a biological weapon has been sentenced to 33 months in prison. Douglas Baker, 33, was sentenced in St. Paul, Minnesota, for possessing 0.7 grams of ricin, enough of the untraceable poison to kill more than 100 people. (AP)

• Jurors in the O.J. Simpson murder case, sequestered since January, have asked Judge Lance Ito to schedule Saturday trial sessions and extend the half-day sessions on Fridays to full days. (AP)

• A tornado killed three people in Ethridge, Tennessee, a mainly Amish town, damaging scores of homes and buildings. Twenty-nine people were injured. (AP)

Washington Sees New York's Finest at Their Worst

New York Times Service

WASHINGTON — Dozens of New York City police officers visiting Washington for a service honoring fallen comrades went on a drunken rampage in at least five downtown hotels, setting off fire alarms, vandalizing cars and firing automatic weapons into the air, according to officials and law enforcement officers.

"They were drunk out of their minds and stayed drunk for three days, from what I can tell," Emily Vetter, president of the Hotel Association of Washington, said of the incident last weekend.

"They were spraying fire extinguishers, yelling, singing, screaming and taking their clothes off, until they were told to stop and put their shirts back

on — juvenile stuff, like what happens when we have 14-year-olds," she said. "Other guests in the hotel were not impressed."

The Washington police commissioner, William Bratton, said the officers involved were "morons," who did "things that you would not normally associate with professionals." If it were up to him, he said, "I'd fire them."

District of Columbia police were called, but they made no arrests. Late hotel guests and officials criticized the District police, too, saying they had been too lenient with their fellow officers. The internal affairs divisions of both the Washington and New York City police departments are investigating.

AMERICAN TOPICS

A Doctor at 17, He Next Hopes To Be a Nobel Prize Winner

Balamurali Ambati graduated last week from the Mount Sinai School of Medicine in New York at the age of 17. "He certainly is among the youngest ever graduated from a U.S. medical school," said Patty Shea of the Association of American Medical Colleges. She could not say if he was the youngest.

Dr. Ambati, a native of Vellore, India, moved to Buffalo, New York, with his family when he was 3. His father is an industrial engineer and his mother is a math teacher. He was doing calculus at 4. At 11, he graduated from high school and co-authored a research book on AIDS with his older brother Jaya, who is now 24 and also a doctor. At 13, he graduated from New York University.

He plays chess, basketball and Ping-Pong and is just learning to drive. "I was never called a nerd or geek or anything like that," he said. Patients he has seen so far also don't seem to mind his age.

"Part of the reason, I think, is that I'm

6 feet tall, so most people can't readily tell I'm so young," he said.

"But I have to say that once they learned about it through the grapevine, they tended to be very friendly and open-minded about it."

Dr. Ambati, who lives in the New York borough of Queens, will soon begin four years as an intern. He plans to specialize in ophthalmology. He says his next goal is the Nobel prize.

Short Takes

What is it like to drive an electric car? William J. Cook of U.S. News & World Report magazine tried a Ford Ecostar, an electric-powered experimental model, for 10 days. He reports, "Acceleration is surprisingly brisk, utterly smooth and so quiet you feel you're being pushed by a ghost." And "at 70 miles an hour, the Ecostar's top speed, all you hear is wind and tire noise." A big gauge on the dashboard constantly displays "miles to recharge." And recharging for the maximum 100 miles (160 kilometers) — plugging and unplugging the car with house current — takes 50 seconds per day, compared to 2 minutes, 45 seconds to gas up a regular car for 300 miles.

The Barnes Foundation's exhibit of French art is headed to Munich after all. A three-judge panel of the Pennsylvania

Superior Court Judge reversed a lower court ruling barring the trip. The Haus der Kunst will show the works from mid-June to mid-October, paying the foundation \$2.25 million.

For eight years, Larry Wood, 37, and Rafael Sencion, 39, shared an office as tenant advocates, helping poor people get repairs and avoid eviction. When New York City cut their funding, Mr. Sencion, a bachelor, asked to be laid off the \$33,000 job in place of his friend, a married father of two, although he had more seniority. "There's no way to repay him," Mr. Wood said. "He's a true friend." Mr. Sencion, who is living on his severance pay, said: "It is only good sense. Larry had himself, a wife and two children to support. I have just me."

Surfer magazine is indignant over a CNN description of Brian (Kato) Kaelin, a star witness in the O.J. Simpson murder trial, as "the quintessential aging surfer." The magazine said: "Just because a guy has bleached hair, winter tan, speaks slowly and is pleasant to the point of being vacuous, does that mean he's a surfer? Of course not." In fact, Mr. Kaelin, the magazine noted after checking with his press agent, is from Milwaukee and "despite his look he has never set foot on a surfboard."

International Herald Tribune.

Rio Opens War on Drug Gangs After Shoot-Out in Posh Area

New York Times Service

RIO DE JANEIRO — Opening a counteroffensive against drug traffickers, the state government has appointed an army veteran to lead Rio de Janeiro's war on crime.

Nilton Cerqueira, a 64-year-old retired general, is to become the city-state's public security secretary.

"Rio de Janeiro State is locked in a struggle to the death against organized crime," Marcello Alencar, the state's new governor, said recently.

The city is accustomed to violence in its poorer areas. The new outcry was prompted by the siege of a normally tranquil neighborhood.

Rival cocaine gangs blasted away at each other for three days, making a battlefield of Santa Theresa, a neighborhood of cobblestone streets and turn-of-the-century mansions.

The fighting killed more than a dozen people, including a 6-year-old girl and other bystanders, as well as several gang members.

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Yet Another Prosecutor

Having your own personal independent prosecutor has become something of a trend in the Clinton administration, a very odd perk of office. Former Agriculture Secretary Mike Espy has one. Attorney General Janet Reno has recommended that Housing and Urban Development Secretary Henry Cisneros have one, too, and he is waiting for his to be named. Then, of course, there is the matter of President and Mrs. Clinton's own interest in independent counsel Kenneth Starr's expanding Whitewater affair, which has already claimed casualties among their associates. Now Secretary of Commerce Ron Brown has joined the club.

Last February Mr. Brown announced a Justice Department preliminary review to determine whether Mr. Brown's personal financial interests should be probed by an independent prosecutor. The commerce secretary scoffed at the idea. He expressed confidence that a preliminary investigation launched under the independent counsel statute would show no indication of improper activity on his part. That prediction, it turns out, was wrong.

This week, after completion of a preliminary investigation of allegations of wrongdoing on Mr. Brown's part, the attorney general asked a U.S. Court of Appeals panel to appoint an independent

counsel to delve deeper into his business dealings. Specifically, the Justice Department wants to know why and how the commerce secretary made nearly \$500,000 from a company he owned with Washington business executive Noland Hill, although he invested no money in the venture and it made no profit. Apparently Mr. Hill and other witnesses refused to cooperate fully with Justice Department lawyers probing that question. According to Mr. Brown, the Justice Department has allegations "that there may have been some linkage between the payments to Secretary Brown and his official position" — a charge that Mr. Brown denies.

Justice also wants an independent counsel to investigate whether Mr. Brown violated federal laws by filing inaccurate financial disclosure reports and erroneous information on his mortgage application. Again, Mr. Brown, a first-class cabinet secretary, maintains that he has "complied in good faith" with his financial disclosure obligations. He also says he has avoided conflicts of interest, has never used his office for personal gain and is "absolutely confident" that he will be fully absolved of any wrongdoing. And again, he has said much the same before. Is he going to prove any better at forecasting this time around?

— THE WASHINGTON POST

A Pattern of Duplicity

America's relations with Guatemala are a chilling study in cynicism. Beginning with a 1954 coup engineered by the CIA, Cold War security concerns dictated nearly every aspect of the relationship with this impoverished country. Abuses by Guatemalan military and security services went unchecked, and Americans who wandered into the way were killed or tortured with barely a protest from Washington.

The latest case to come to light seems to fit the pattern. As The New York Times has reported, Peter Tiscione, an archaeologist, was found dead in his hotel room in Guatemala in 1992 shortly after calling his wife in New York to tell her he feared for his life. The U.S. Embassy quickly accepted the Guatemalan government's glib explanation that he had stabbed himself in the neck four times with a machete.

Mr. Tiscione is hardly the first American to die in mysterious circumstances in Guatemala, or the first to be callously neglected by the State Department. In 1984, a CIA informant was killed in a plane crash, and his family's engine failure — turned out to be a CIA cover-up — was downed by soldiers shot down the plane.

For Wolfe, a Peace Corps volunteer,

was murdered in 1984. Diana Ortiz, an Ursuline sister, was abducted, taken to a clandestine prison, tortured and gang-raped by members of the military. Nick Blake, a journalist, was executed by members of the Guatemalan Civil Patrol in 1985. Michael DeVine was beheaded near his home near the village of Popitun in 1990. Efrain Banama Velásquez, a Guatemalan guerrilla married to an American, Jennifer Harbury, was captured, tortured and killed by the military under the command of a paid CIA informant.

All these cases have in common a well-founded suspicion of military wrongdoing and a timid State Department response. Representative Robert Torricelli, who made public the CIA's involvement in the murder of Ms. Harbury's husband, has documented 20 cases of Americans who were killed or subjected to human rights abuses in Guatemala.

Americans deserve a truthful accounting of the events of the past 40 years in Guatemala. Guatemalans deserve no less. Americans also deserve a diplomatic service that looks after their interests and refuses to tolerate the complicity of foreign governments in their mistreatment.

— THE NEW YORK TIMES

Charitable Foolishness

Why would close to 300 charities and other nonprofit organizations and donors, including some whose names are well-known (museums, colleges, church groups, even the University of Pennsylvania), have put their money into a mysterious self-described "philanthropy" that promised to double the funds in six months, only to lose large amounts this week when the "philanthropy" filed for bankruptcy? What were they thinking of?

"We're not naive dupes. I don't think," one major donor and former U.S. deputy secretary of state told reporter Steve Stockman on Monday's Wall Street Journal (which broke the story), explaining how the investment scheme had come highly recommended by people of known substance and integrity. By Tuesday, the so-called Foundation for New Era Philanthropy had filed for bankruptcy protection, and its founder, John G. Bennett Jr., had admitted to "careless" employees that the group of anonymous donors he had said were matching the money did not, in fact, exist. The burned investors were in various states of shock and amazement, contemplating losses that may total as much as \$500 million.

Much remains to be puzzled out about New Era, which grew quickly for several years before the Securities and Exchange Commission began investigating it. More puzzling still is the image of solid citizens in the nation's supposedly robust charitable sector, just when that sector is being called upon to take up burdens previously borne by government, apparently gambling away the money they did have on the classic too-good-to-be-true offer.

Bad enough that university and nonprofit finances lately have been increasingly strained, their fund-raising pressures urgent; the need to maximize income from portfolios and endowments has led an increasing number of the sector's once conservative money managers to recommend the kinds of derivatives and other high-risk investments that had such an unhappy effect on Orange County, California. But it's one thing to maximize your

return by knowingly entering into risky investments, and quite another to be scammed into the tempting belief that you can double your money without risking it. As described in news accounts, New Era offered a short-term matching program in which a group of anonymous donors — their identities, it was said, known only to Mr. Bennett — undertook to match any funds put up by investing institutions for six months or, alternatively, to double any contributions to those institutions made by large-scale individual donors. As with the so-called Ponzi, or pyramid scheme, institutions initially received the promised double payoffs right on schedule and thus gained confidence to invest more — and recommend that others join in the offer.

Even the University of Pennsylvania, which had put up \$600,000 with qualms and caution, was motivated by the money's successful return to put up more money, now apparently lost. Penn will not say exactly how much, but at least, unlike some smaller groups, it did not bet the operating budget.

For financial officers who did, the outlook is grim — surely no grimmer than they deserve after such foolishness, but a good deal grimmer than is fair for the folks they sought to serve.

— THE WASHINGTON POST

Other Comment

Give Kashmiris Autonomy

At present, Kashmir has less self-government than any other Indian state. But depriving Kashmiris of political power has not obviously benefited the rest of the country; it has tied down hundreds of thousands of soldiers, turned many Kashmiris into potential traitors and damaged India's reputation for political decency. If India is to regain Kashmir's loyalty and the rest of the world's respect, it needs to give the state the autonomy that Jawaharlal Nehru long ago promised.

— The Economist (London)

NATO Support for the UN Protection Force in Bosnia

By Anthony Lewis

WASHINGTON — The conflict in Bosnia is approaching a new crisis. Brutal as the situation has been, it could get much worse: worse for the people of Bosnia, worse for the United Nations and worse for President Bill Clinton.

The crisis looms because the position of the UN Protection Force in Bosnia has become untenable. In the last two weeks the Bosnian Serbs have made heavy artillery attacks on the capital, Sarajevo,

United Nations' civilian representative, Yasushi Akashi. The failure to respond to renewed Serbian aggression has cost the UN force about the last of its credibility — its leverage — with the Serbs. And soldiers in the largest UN contingent, the French, have themselves suffered casualties in the fighting.

Now France is threatening to pull its troops out. If they go, the United Nations would almost certainly have to withdraw the UN force altogether. If that happens, even those of us who have been skeptical of the UN force, with its supine attitude toward the aggressors, have to recognize that things are likely to get much worse.

The Bosnian Serbs would probably launch an all-out attack on Sarajevo, to capture it or level the city. Their leader, the suspected war criminal Radovan Karadzic, has said he will make Sarajevo the capital of his Serbian republic.

The Bosnian government enclaves in the east, which exist only because of UN protection, would quickly fall to the Serbs. More genocidal atrocities can be expected to follow.

The withdrawal of the UN force would itself be a painful, bloody operation. Mil-

itary forces on one side or the other would attack the departing blue helmets and try to seize their weapons. Women and children in the eastern enclaves might lie down in front of UN vehicles to keep them from moving out.

That is where President Clinton has to have profound concerns. The United States has no forces in Bosnia, but it has promised to send up to 20,000 soldiers to help in any UN force withdrawal. And Washington has told allies that it is sticking to that commitment. Therein lies the potential for a military, moral and political trauma for Mr. Clinton.

The U.S. military has a plan ready for intervention in Bosnia to help a UN withdrawal. It is called Operation 4104, and it is big. The estimated cost is \$1 billion; trouble — inevitable trouble, I think — could make it more. And there would be American casualties.

America would be spending the money and lives to bring about what informed officials in Washington — and London and Paris — agree would be a disastrous outcome. No one pretends that anything would follow a UN withdrawal but accelerated humanitarian disaster.

The alternative — to withdrawal is to make the UN mission viable. The French government and the UN secretary-general, Boutros Boutros Ghali, have talked

about various ways to do that by changing the mandate and the disposition of forces. But in the end there is only one way to viability: Be willing to call in NATO bombers against the aggressors.

General John Shalikashvili, chairman of the Joint Chiefs, makes the point in an interview to be published this Sunday in The New York Times Magazine: "Whenever we have been resolute [in Bosnia], NATO particularly — we have been able to have our way. Whenever that was so, the Serbs read it very correctly and acted accordingly. And I am frustrated that we are often prevented from doing it, and lately more so than not."

Abandoning Sarajevo, a city of tolerance in a region of hatreds, would be a terrible symbol — a defeat for all that the West claims to stand for. It is hard to believe that Jacques Chirac would want his French presidency to begin with a declaration that Sarajevo is expendable.

But it is President Clinton who more than anyone can rally the West to avert this disaster. He wants to avoid entanglement in Bosnia, but that is just what he will get if he does not act now to stiffen the UN force and avoid a bloody withdrawal involving American troops. Humiliating retreats are not good political news for American presidents.

The New York Times

No, the Only Solution Is a Compromise With the Bosnian Serbs

By Joel Shapiro and Gordon R. Thompson

WASHINGTON — With the war in the former Yugoslavia entering its fourth year, current international policy to resolve it is at a dead end. An alternative is needed.

Obsessed with the past, Muslims, Serbs and Croats repeatedly use yesterday's crimes as justification for today's violence. This ensures that the war will continue indefinitely.

Unwittingly, the international community has prolonged the war. The United Nations provides crucial humanitarian aid and prevents starvation, but it also provides protection that enables the Muslims and Serbs to continue fighting. The United States and Europe must force the warring leaders to face reality. Bosnia cannot be restored to the prewar status quo.

Speaking for ourselves and not for the Pentagon, we think

that while refusing to reward Serbian aggression, the United States also gives the Bosnian government a sense that it supports a continuation of its battle.

The world community needs to move away from the failed plan of the five-nation "contact group" and its proposals for enlarging Muslim territory.

The Bosnian Serbs still have the overwhelming advantage in heavy weapons. They want to cut a deal that recognizes their victories but believe they must fight to keep what they have conquered. The Bosnian Muslims believe they are strong enough to retake territory. Each side overestimates its capabilities. And renewed fighting is sure to prolong the stalemate.

The United States must persuade the Bosnian government

to accept the current confrontation lines as its new borders. This would involve such incentives as giving that government complete control of Sarajevo — including the hills from which the Serbs shell the city and its airport — and connecting it to the territory of the Muslim-Croat federation.

Since the Bosnian Croats already control the territory they want, they probably would agree to any reasonable settlement. To ensure Serbian agreement, the Serbs might get the eastern Bosnian safe-haven enclaves of Zepa, Srebrenica and Gorazde.

The United States and its allies would have to guarantee the new borders and the survival of the Muslim-Croatian federation. After a treaty was signed, NATO troops — not UN "peacekeep-

ers," whom all the warring factions treat with contempt — would have to protect this state.

NATO protection would have to be coupled with financial and other reconstruction aid to make the Bosnian state viable. Without aid the federation would surely collapse, with violence to follow.

As for the federation, the West must facilitate development of a multiparty and multiethnic society that includes Serbs and other minorities within its borders. The West would also have to press Croatia to succor the federation.

Bosnian Serbs would surely agree to this plan, if they could keep most of the land they have seized and if international sanctions were dropped.

The international community should allow the Bosnian Serbs to confederate with Serbia, just as it supports the confederation

between the Muslim-Croatian federation and Croatia.

However, the Bosnian Serbs should not receive aid unless they show willingness to compromise on key issues. And even though it could complicate a settlement with the Bosnian Serbs, war crimes investigations and trials should continue unabated.

Would this shift in policy be just? No. The Serbian aggressors would keep most of their spoils.

The requirement to resettle Muslims from the eastern enclaves would amount to internationally assisted ethnic cleansing. This would be the price of peace and regional stability.

The alternative is ever more violence and revenge.

The writers are foreign affairs analysts on the Army staff in the Pentagon. They contributed this comment to The New York Times.

The War to Cure Cancer Isn't Being Won, So Emphasize Prevention

By Laurent H. Schwartz

PARIS — Cancer treatment is the most important failure of modern medicine.

Since 1981 in the United States the overall incidence of cancer has increased by 13 percent, and mortality by 7 percent. This gloomy trend is international.

In most Western countries, age-adjusted mortality rates have increased for brain and kidney cancers. The same goes for myeloma, non-Hodgkin's lymphoma and melanoma.

Today pancreatic gallbladder carcinoma and glioblastoma are lethal diseases. Survival from esophageal cancer does not exceed 10 percent, from lung cancer 15 percent.

Progress has been real, but limited mostly to malignancies arising during childhood and early adulthood.

For most common tumors, survival rates have increased

slightly, but incidence has in many cases soared.

The death rate for breast cancer has been about stable. Earlier diagnosis and better treatment have been counterbalanced by an increasing number of newly diagnosed breast tumors. Today a European or American woman has a 1-in-11 chance of developing breast cancer during her life.

Surgery remains the key to survival, but less than 5 percent of pancreatic cancers and 30 percent of lung carcinomas are operable for cure.

Radiation is the second most important therapeutic tool. Side effects have almost disappeared thanks to a better understanding of normal tissue tolerance and the availability of more powerful linear accelerators.

Great hopes were placed in the

discovery of anti-cancer drugs. The last major discovery, cisplatin, dates back 30 years; it has markedly improved the cure rate for testicular cancer, the most common neoplasm among young men.

Since then, analogues that are less toxic but no more effective have been marketed. Taxol, sold by Bristol-Myers Squibb, is of real but limited value. Whether it can improve long-term survival is still an open question.

The economy confirms the failure of treatment. Cancer strikes one of every two Americans in his or her lifetime, and is the second leading cause of death, yet anti-cancer agents account for less than 2 percent of all revenue of the pharmaceutical industry.

Immunotherapy is of no proven value, except perhaps in a small subset of patients with

metastatic cancer of the kidney or melanoma.

Gene therapy is likely to follow the same path. Biology tells us both the diversity of tumor cells in one neoplasm and the multitude of genes involved in cancer. It appears unlikely that one or a few genes transfected into a few cancer cells will be able to reverse the malignant phenotype.

Major advances in the understanding of cancer have been made. Oncogenes are not specific of cancer; they simply make cell division possible. They are frequently expressed in normal dividing cells. There is no protein synthesized by a tumor that a normal cell cannot make.

This lack of specificity is one of the reasons of the failure of the "magic bullet."

We have underestimated the enemy. Cancer cells are both malignant and malicious.

They are clever. Use of chemotherapeutic drugs in the treatment of hematologic malignancies and solid tumors has been plagued by the emergence of resistant cells, either at initial presentation or at the time of relapse.

Some of the mechanisms underlying this clinical phenomenon have been studied using in vitro models, which has led to the characterization of genes capable of conferring resistance to chemotherapeutic drugs. Efforts to circumvent drug resistance have so far failed in most common solid tumors.

Acquired resistance to treatment is not limited to chemotherapy but even immunotherapy.

Faced with an enemy of this power and complexity, we must partially retreat. The focus of research should switch to prevention and early diagnosis.

Key questions have to be answered first. For instance, is it responsible for most lung cancer. The amount of tar per cigarette was 35 milligrams 20 years ago;

today it is less than 15 milligrams. The effect of such a large reduction is unknown. It is also unknown whether light cigarettes (less than 5 milligrams) are less dangerous. The impact of these questions on public health can be enormous.

Cancer rates vary by factors as high as 30 among countries, and fivefold within and between industrialized countries.

The fight against smoking and drinking should be amplified. Trials should assess the value of high-fiber diet; confirm (or refute) the value of tamoxifen in breast cancer prevention; assess the role of vaccinating against Epstein-Barr virus or hepatitis B in the fight against nasopharyngeal carcinoma and hepatoma.

The major breakthrough is likely to come first from imaging. The real progress of modern oncology has not been better treatment, but earlier diagnosis.

It is the Pap smear that has saved most women from cervical carcinomas. It is mostly the mammograph that has checked the rise of breast cancer mortality. But today imaging is limited to one cubic centimeter. This represents more than a billion tumor cells.

Earlier diagnosis should lead to better cure rates before major progress in preventing cancer.

The writer, a physician and molecular biologist, is a senior staff member in the Department of Radiation Therapy at Tenon Hospital in Paris. He contributed this comment to The International Herald Tribune.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Helms Is Grabbing for Foreign Policy

By Stephen S. Rosenfeld

WASHINGTON — A massive assault on the traditional way of making foreign policy is under way, with scarcely any public awareness or debate on the implications for the American position in the world.

One prong of the assault is the sweeping consolidation of international affairs agencies being imposed in a raw power play by the new Republican chairman of the Senate Foreign Relations Committee, Jesse Helms. The other is made up of the huge seven-year budget cuts now being served up in the Republican-controlled Congress.

The congressional Republicans have the hit in their teeth, and they are using it to enforce a design that shifts the balance of power between the branches radically to the side of Congress — a shift that a subsequent Republican president may yet come to regret. The majority party is blithely making changes without even a cursory examination of the possible consequences.

Some part of this transformation would have, and should have, taken place anyway. The ending of the Cold War dictated a broad review of how the United States prepares itself organizationally and financially to conduct international affairs.

Chairman Helms, however, did not pause to contribute to, or wait for, such a broad review. Nor did he pay any particular attention to the House Republicans' "Contract With America."

He simply put the pedal to the metal on the usually eye-glazing subject of government organization, and the budget people soon leaped in on their issue.

The result is that by the twin instruments of the structure of the bureaucracy and the shape

of the budget, items that much of the foreign policy crowd customarily leaves to a few specialists, the Republican Congress is putting itself in a position to exercise great and continuing influence.

In failing to get ready politically for this double whammy, the Clinton administration made an awful tactical error. Had a political change of this magnitude been made in an important foreign country without the United States tracking it closely all the way, Congress would be grilling the State Department and demanding to know why it had dropped the ball.

The way I get it, Secretary of State Warren Christopher started to think last year of how to roll with the evident international change and the expected electoral change. He suggested as one way to get ahead of the curve a look at consolidation of the foreign aid, arms control and information agencies with the State Department.

Apparently, he never actually advocated such a consolidation. Nor did Vice President Al Gore, head of "reinventing government." But Christopher aides started aggressively running with the consolidation option, and the secretary was slow to rein them in. This is what let Mr. Helms claim that Mr. Christopher favored this course — a false but devastating claim that the secretary's repeated denials have been unable to overcome.

Fearing for their lives, the agencies about to be swallowed started defending themselves on the street, insisting, with much merit, that they were already on a self-directed road to redefining and restructuring themselves for the new day.

The arms control agency, for one, is using the recent extension of the Nuclear Nonproliferation Treaty as Exhibit A of its relevance and vitality.

But Mr. Helms has deflected these appeals, depicting them simply as self-serving attempts to preserve bureaucratic turf.

The consolidation of agencies now being prepared reflects Mr. Helms's notions of both the means and ends of policy. The administration and its congressional supporters have had only a modest input. An effort by the Democratic Party leadership to cushion the huge coming impact on the Agency for International Development fell short this week on a party-line vote.

Meanwhile, immense whacks are being taken out of the international affairs budget. The State Department, for instance, stands to lose another 100 posts in what could be a 40 percent real reduction over the next several years. Foreign aid and information are to be gravely impaired as tools of American diplomacy.

What this is about goes far beyond boxes on a chart and numbers on a page. It goes to the political and bureaucratic resources that the United States will have available to run a foreign policy, and to the kind and degree of control that a president will be able to exercise over this realm.

You can debate "policy" until the sun goes down, and conduct learned seminars on where the United States should position itself on the spectrum of engagement and disengagement. But all that is so much chatter if the president does not have on hand the means to perform his or her constitutional policy-setting role.

The Washington Post

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: British Challenge

NEW YORK — A despatch purporting to emanate from Managua was published in New York this morning [May 20] in which it was stated that Rear-Admiral Stephenson and several of his chief officers openly declared, both before and after their occupation of Corinto, that their real object over and above carrying out their instructions respecting the collection of the indemnity from Nicaragua was to practically and definitely test what is known as the Monroe doctrine and in that way to dispose of it once for all.

1920: German Censors

BERLIN — The German Ministry of Finance is not only opening outbound foreign mail, but has several hundred censors opening domestic mail, looking for evi-

dence of violation of the tax laws. Most of these censors are officers taken over from war-time censorship and trained in the search of letters for political and not financial information. The "Morgenpost" brings out also the discrepancy that there is a telephone censorship in Berlin exactly as it was during the war and exercised by the identical officers.

1945: Tito Accused

ROME — Field Marshal Sir Harold Alexander, Supreme Allied Commander in the Mediterranean, charged Marshal Tito today [May 19] with the apparent intention to establish claims in north eastern Italy and southern Austria by force of arms which are "all too reminiscent of Hitler, Mussolini and Japan." The Allied command or disclosed that efforts to "talk to a friendly agreement" with the Yugoslav leader have failed.

International Herald Tribune

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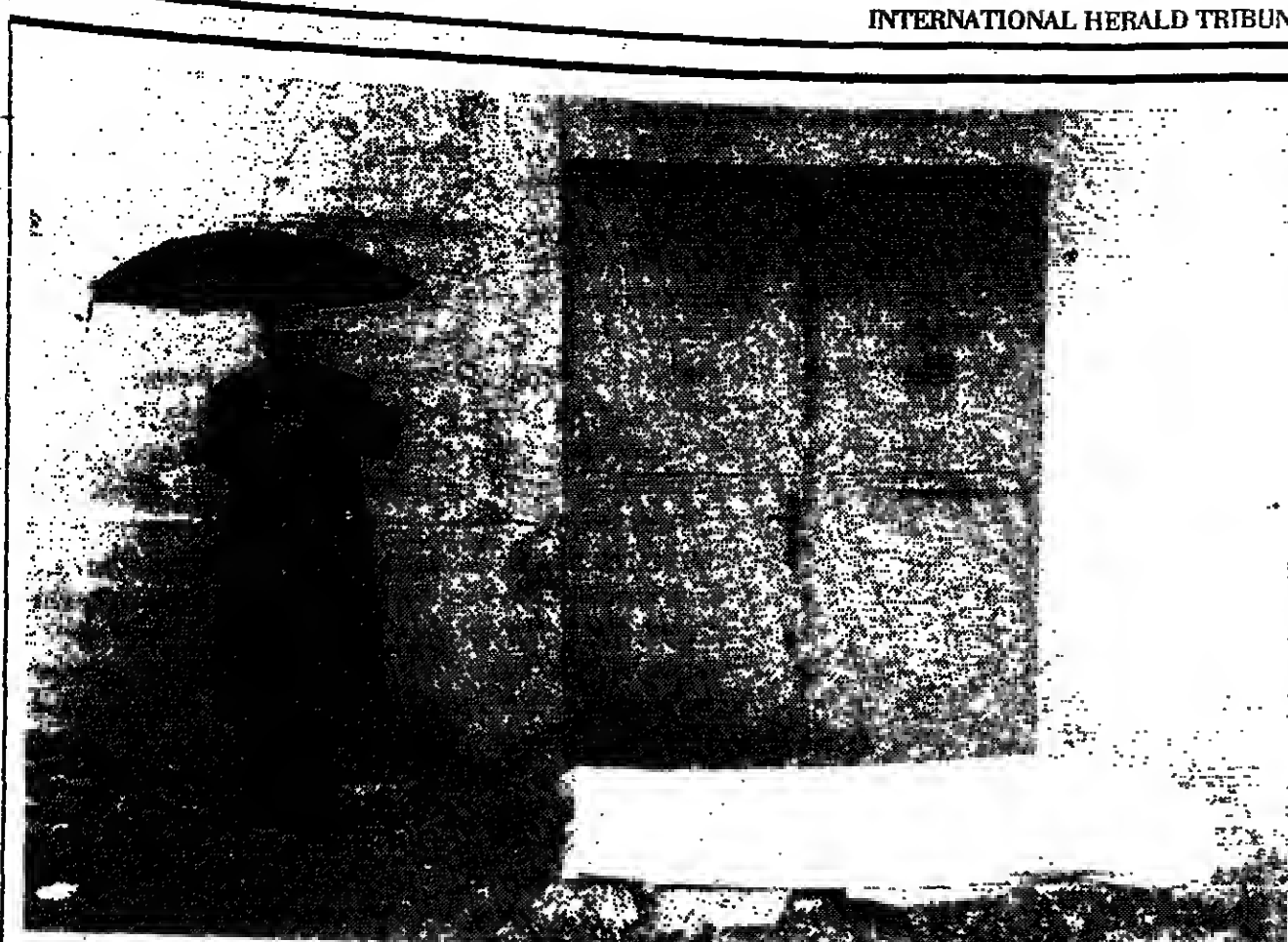
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BURIAL TIME—A Muslim cleric, waiting to conduct a funeral on Friday at Sarajevo's military cemetery, checked his watch beside the body of a Bosnian Army soldier, a victim of the increased fighting in the Bosnian capital.

Alexander Godunov, Dancer, Is Dead at 45

NEW YORK — Alexander Godunov, 45, the swashbuckling Russian ballet dancer and movie actor, was found dead Thursday at his home in West Hollywood, California.

The police said that paramedics called to Mr. Godunov's home found him dead and that his death was described by his physician as of natural causes.

Tall and dramatic, with long blond hair that blew behind him during his soaring jumps and whirlwind turns, Mr. Godunov was an instant star wherever he danced. He was not a virtuosic dancer, although he was capable of stunning tricks.

He joined Moscow's Bolshoi Ballet in 1971, as its youngest principal dancer. The legendary prima ballerina Maya Plisetskaya chose him to be her partner soon after.

In August 1979, Mr. Godunov defected in New York while on tour with the Bolshoi. This was front-page news around the world and became even bigger news a few days later when Lyudmila Vlasova, the Bolshoi dancer to whom he was married, tried to return to the Soviet Union. Only after an airport standoff of many hours

was she able to convince U.S. authorities that she was not returning under duress.

A few months after his defection, Mr. Godunov joined American Ballet Theater. He performed with it until 1982. He was then the companion of the actress Jacqueline Bisset, and he embarked on his own film career after a short tour with an ensemble called Godunov & Stars.

Mr. Godunov's first movie role was in "Witness," with Harrison Ford and Kelly McGillis, in 1985. In a review in The New York Times, Vincent Canby described Mr. Godunov, who played an Amish farmer, as the film's "most riveting presence."

But he failed to have a similar impact in his other movies, among them "Die Hard."

Elizabeth Montgomery, 57, Actress

Who Starred in 'Bewitched' Sitcom

NEW YORK (NYT) — Elizabeth Montgomery, 57, the pert actress who charmed television audiences as the star of the long-running comedy series "Bewitched," died Thursday at her home in Los Angeles.

Ms. Montgomery underwent surgery in April for the removal of what was characterized as a small malignant tumor. Her

family would not disclose further details. "Bewitched," a top-rated situation comedy, ran from 1964 to 1972. Its green-eyed star played Samantha, a witch and the wife of an advertising executive who tried to suppress her supernatural talents yet often resorted to sorcery to solve problems. Ms. Montgomery later had a successful career starring in made-for-television movies.

Henri Laborit, 80, French Scientist

PARIS (Reuters) — Henri Laborit, 80, a French neurobiologist and philosopher whose studies of animal responses to explain human behavior were popularized in an award-winning 1980 film, died in Paris on Thursday, his family said.

Mr. Laborit, born in French Indochina, earned scientific recognition for his work on tranquilizers. His studies of human behavior reached a broad audience in Alain Resnais's film "Mon Oncle d'Amérique," in which he used rats to illustrate human responses. The film won the Golden Palm award at the Cannes festival.

Trained as a brain surgeon, Mr. Laborit developed some of the first tranquilizers in the 1950s.

Thai Elections Set After a Key Faction Deserts Coalition

The Associated Press

BANGKOK — Prime Minister Chuan Leekpai of Thailand dissolved the lower house of Parliament on Friday rather than face a no-confidence vote he was sure to lose. He called for elections to be held July 2.

Mr. Chuan made the move after a key party abandoned his coalition to protest a land scandal in which Mr. Chuan's party has been accused of handing over land meant for poor farmers to wealthy individuals.

Mr. Chuan had hoped to become the first elected prime minister to finish his term of office. He was Thailand's longest-serving elected prime minister, having completed 32 months of a four-year term.

The last elected prime minister, Chatchai Choonhavan, was overthrown by a military coup in 1991. Mr. Chuan was swept into power after demonstrations toppled the military junta in 1992.

Mr. Chuan said he and his remaining coalition partners could find no acceptable way to retain power.

"Therefore," he said, "the best way is to return power to the people and let them consider what is best."

Mr. Chuan's coalition col-

lapsed after its third-largest partner, Righteous Force (Palang Dharma), announced early Friday that it would not support the government in a no-confidence vote scheduled later in the day.

A Palang Dharma spokesman said Mr. Chuan's party, the Democrats, had failed to clear up suspicions over the land-reform scandal.

Party ministers who were involved in the scandal had been dismissed, but that failed to satisfy the opposition and the public.

Palang Dharma is led by Chamlong Srimuang, who played a major role in the demonstrations of 1992 that toppled the military regime that preceded Mr. Chuan's elected government.

A spokesman for the prime minister said Mr. Chuan had presented King Bhumibol Adulyadej with a decree dissolving Parliament, as required by law.

Mr. Chuan was to meet later with representatives of the parties remaining in the coalition to work out a caretaker government until the elections are held.

Mr. Chuan will stay in office until his successor is chosen.

YELTSIN: Bid for Harmony Flops

Continued from Page 1

Russia's Choice faction in Parliament, speaking of Mr. Yavlinski. "He is a betrayer. And I think that he has discredited himself for good."

While the democrats are beating each other to death, their opponents — nationalists and Communists — have done well in local elections around the country. Last week the Communist Party won another highly watched election in a district near Moscow, with a well-known cosmonaut, Gherman S. Titov.

Those local victories, and the national fears they inspire, are the central reason that Mr. Chernomyrdin — with the blessing of the president — created a new party he calls Russia Is Our Home, and which most liberal commentators have already renamed Russia Is Their Home. It is a party of "power," controlled by bankers and apparatchiks from the old clans of the Communist Party and local political administrations.

But the left wing of the new bloc has been attacked as heartily as has the right wing. There are many politicians here who feel that Russian voters just will not vote for anyone they think represents the status quo.

Many, particularly the liberal people who work at newspapers, have been unrelentingly cynical about the chance that a party headed by Mr. Chernomyrdin — who is closely associated with Mr. Yeltsin after all — could win any election.

They cite the general bitterness over the war in Chechnya, the country's endemic crime and corruption, the lack of a coherent legal system and the still-faltering economic reforms.

But building a party system is not easy in a country that has had only one free presidential election in its 1,000-year history.

India's Congress Party Breaks Up Over Opposition to Rao Leadership

NEW DELHI — India's governing Congress (I) Party split on Friday as opponents of Prime Minister P. V. Narasimha Rao named a rival leader of the country's oldest political party.

Narain Dutt Tiwari, 71, a former chief minister of the northern state of Uttar Pradesh, was appointed president of a dissident faction of the ruling party dubbed the Indian National Congress. Mr. Tiwari's nomination as party president was accepted by a show of hands at a rally here of nearly 30,000 anti-Rao Congress members.

Speaker after speaker at the rally assailed Mr. Rao, the Congress president, for a series of defeats in recent state polls and said he was incapable of leading the 109-year-old party into general elections next year. A four-month rebellion against the 73-year-old prime minister came to a head at the rally, which was called to bring about a change in party leadership.

"Narasimha Rao is not our party president as of today," said Satyanarayan Rao, a Congress leader from Andhra Pradesh. Mr. Rao's home state, to applause from the crowd. Several speakers called on Sonia Gandhi, the widow of former Prime Minister Rajiv Gandhi, to take over as Congress president.

(AP)

More Mystery Balloons in Japan

TOKYO — At least 10 mysterious balloons landed over wide areas in western Japan Friday, the second such incident in less than a week, the police said. The balloons were recovered across five prefectures, including Hiroshima. There were no reports of injuries.

Last Saturday, about 30 balloons measuring about 6 meters (20 feet) in length and 2 meters in diameter were recovered in western and central Japan. Nobuyuki Kono, a spokesman of the Hiroshima Prefectural Police, said residents in the province found three balloons that were similar to those recovered last Saturday.

The previous balloons had 15-centimeter (6-inch) plastic tubes hanging from them bearing the words "on," "off" and "test" in English, police officials said. The tubes were believed to be some kind of apparatus for weather observation, they said, adding that police scientists were still investigating. There were similar incidents in May last year in the same region, when dozens of vinyl balloons landed after being released on the Korean Peninsula, the spokesman said. (AP)

Kashmir Protesters Torch a Bank

SRINAGAR, India — Protesters in Kashmir's summer capital burned down a bank Friday and taunted police as they returned from prayers on the second Muslim day of worship since the razing of a shrine to the state's patron saint.

Police said there were five brief demonstrations after prayers ended at noon during a relaxation of a daylight curfew, which was reimposed by Indian paramilitary troops. Residents of wooden houseboats on Dal Lake, which winds through the city of nearly one million, were streaming out of a mosque on the way home when a demonstration erupted.

Groups of protesters threw stones and shouted abuse at the military. They dragged tires into the streets and set them on fire, blocking the roads before the police swiftly dispersed them. Elsewhere in Srinagar, protesters burned down a building housing the State Bank of India. (Reuters)

For the Record

Muchtar Pakpahan, head of Indonesia's first independent labor union to challenge the government on worker rights, was allowed to leave jail Friday, the head of the Jakarta Legal Aid Institute said. He has been serving a four-year sentence for inciting workers to riot. (Reuters)

More than 40 Sri Lankan Tamil rebels and soldiers have been killed in clashes in three days, the military said on Friday. The rebels attacked a military camp in the north on Friday, killing seven soldiers. (Reuters)

BALANCE: Congress Tries Again to Conquer Deficit

Continued from Page 1

economic assumptions that characterized many of the previous measures that promised a balanced budget.

Even so, for those who believe that the country's economic future rests on a balanced budget, neither the history nor the politics of the issue is encouraging. It is important to remember that whatever gets enacted this year can always be changed by the next Congress or the ones that follow.

The Gramm-Rudman-Hollings legislation in 1985 set specific deficit levels for each of the next five years and required automatic cuts in government programs across the board.

process known as sequestration

if the levels were exceeded. Party because the economy was never as strong as policymakers predicted, partly because the savings and loan bailout was so expensive, and partly because politicians lacked the necessary commitment, the proscribed deficit limit was never met in any year. No meaningful sequestration ever occurred.

In 1987, facing the seemingly impossible task of lowering the deficit to \$108 billion in the fiscal year 1993, Congress changed the law. New annual deficit ceilings were set, and the date for budget balance was put off until 1993.

The deficit in the fiscal year 1988, incidentally, turned out to be \$155 billion.

In 1990, with the economy in recession and the projected deficit so far above what the law required that sequestration would have proved crippling, Congress abandoned Gramm-Rudman-Hollings and adopted a new scheme of tax increases and budget reductions. The deficit in the fiscal year 1991, supposed to be \$64 billion under the old law, was \$269 billion.

The measures agreed to by President George Bush and Congress in 1990 and similar ones approved by President Bill Clinton and Congress in 1993 kept the annual deficits substantially lower than they would have been otherwise.

But these measures were intended to balance the budget. And largely because of the growth in health costs, the deficit will soar by the end of the decade without further belt-tightening.

MARKET: Euphoria Fades

Continued from Page 1

sentiment through Investors Intelligence, a Larchmont, New York, publication that reports weekly on the number of advisers who are bullish or bearish.

On the New York Stock Exchange, 1,324 issues declined Friday, far outpacing the 885 stocks that gained on the day.

Beverage, drug and tobacco shares rallied amid confidence that they will produce steady earnings growth even if the economy slows.

Callaway Golf Co. was the most active issue, with 66,879 shares trading hands on television reports that American Brands Inc. might buy the company. Callaway Golf shares closed at \$13.875, up \$1.625.

Also among the most active stocks were Merck, up 62.5 cents to \$41.875; Wal-Mart, up 25 cents to \$24.75; and Coca-Cola, up \$1.125 to \$58.375.

IRAN: A Glimpse Into Nuclear Site

Continued from Page 1

trance and at least one anti-aircraft gun is on the site, the entire complex can easily be seen from the villages and farms nearby.

With 2,000 housing units, a subsidized food shop, hospital, barber shop, elementary school, bakery, bank, laundry, swimming pools, playground, movie theater and vast dining halls capable of serving 4,000 people, the complex resembles a small government-run village.

Over the years, the authorities have tried to preserve the site. They have covered motor shafts and rotary blades with tar-based paint to lessen the corrosive effects of the humid salty air. To prevent salt from damaging the carpets at a sophisticated information center, visitors are required to remove their shoes at the entrance.

Since the revolution, the complex has been home to 300 to 400 Iranians who maintain it, and it now houses an estimated 150 Russian engineers and inspectors who have arrived in recent months. The Iranians say 500 Russians eventually will be based on the site; the Russians say they will send 3,000.

Exactly where the Russians are not clear; there were none to be seen. The ranking Russian official at the site declined a request for an interview, and the Russians have not allowed even official Iranian guests to photograph Russians at the site.

The Russians are said to live in a separate area and report to their own director. They have imported their own cook and will open their own primary school next year.

People in Bushehr, about 25 kilometers away, say Russians come by bus to do their shopping every Thursday.

Some Russians have had problems adjusting to the rules of an Islamic republic. The few who have been found with

women or alcohol have been sent home, according to officials at the complex. Russian women in bathing suits have tried — without success — to sneak into the Gulf for a swim. By all accounts, the Russians will have an extraordinary job ahead of them.

Iraqi warplanes hit the site at least twice in the latter stages of the Iran-Iraq War in the 1980s, damaging one reactor so badly that the structure has been sealed and its protective dome of steel and concrete covered over with sheet metal.

The Germans withheld key blueprints and technical documents relating to the site. That will make it more difficult to fit 1,000-megawatt Russian-made reactors and turbines into a damaged structure intended for German-designed 1,200-megawatt reactors.

If the Bushehr site causes anxiety outside Iran, it may have little to do with the possible spread of bomb-making know-how and more to do with the issue of nuclear safety.

Already there are conflicting analyses of what structures Russia will be able to salvage. Iranian officials insist the metal dome and the partly completed concrete dome that surrounds it can be salvaged. Some Russian officials say the work may be much more extensive.

Sergei Tretyakov, Moscow's ambassador to Iran, said that Russia would have to lay a new foundation for the reactor. Mr. Khabir said he believed the existing foundation to be sound.

The Russians also question whether Iran, with its worsening economy, will be able to pay for the project.

"It's a cash deal, a commercial deal, and they'll have to pay in installments in advance," Mr. Tretyakov said. "If they pay, we will go on; if they don't, we'll stop."

SHOOT OUT THE LIGHTS: The Amazing, Improbable, Exhilarating Saga of the 1969-70 New York Knicks

By Bob Spitz. 306 pages. \$25. Harcourt Brace.

Reviewed by Christopher Lehmann-Haupt

TWENTY-FIVE years ago, the New York Knicks basketball team was very different from today's.

Those Knicks made their fans feel good even when they lost, although they lost only 29 times during the entire 1969-70 season and their 72 wins earned them the team's first championship.

Those Knicks shared the ball unselfishly, passed it dazzlingly, hit the open man, as the cliché went. And those Knicks were smart.

In fact, for a while they were thought to be too smart, which is where the story opens in Bob Spitz's bouncy new book.

We enter the head of Eddie Donovan, the Knicks' general manager, as he travels home from Madison Square Garden one losing day in December 1968 and tries to figure out why his carefully put-together combination of Walt Bellamy, Willis Reed, Bill Bradley, Dick Barnett, Walt Frazier and Cazzie Russell hasn't been winning.

Could these guys be too smart as individuals for good team play?

Then, as Donovan keeps mulling over the problem for

pages, the idea occurs to him to move Reed from the position of power forward, where he has been playing, to center, his natural position, where Bellamy has been playing.

That deal proved to be the turning point for those Knicks. Of course, as Spitz's narrative goes on to remind us, it didn't bring a championship right away. Although the Knicks started winning and eliminated Baltimore in the first round of the 1968-69 playoffs, in the next round they could not handle a Celtic team led by the aging Bill Russell, especially after Frazier got hurt.

But Russell retired after the season ended, along with his teammate Sam Jones. The Knicks started off the next season by winning 23 of their first 24 games. They ended up first in the Eastern Division, survived a ferocious seven-game series against Baltimore in the first round of the playoffs and easily beat a Milwaukee team led by the rookie Lew Alcindor (later Kareem Abdul Jabbar) to become the Eastern Division champions. In the finals they faced the Los Angeles Lakers, which starred Jerry West, Elgin Baylor and Wilt Chamberlain.

Spitz, who has written books on the first Woodstock festival and on Bob Dylan, recounts the Knicks' great season from various points of view, collective and individual. Every now and then, his prose overheats.

Yet Spitz's book is rescued by the memories he recalls and by the fresh details he unearths. Most dramatic of all is Spitz's account of the championship se-

BOOKS

ries against the Lakers. One remembers it best for the seventh game, played on May 8, in which a severely injured Reed helped to psych out the Lakers by limping onto the court and playing part of the game's first half.

But in Spitz's report, the series was more a war of attrition than a battle of wits.

Of course, memory always makes the past seem better than the present. But Spitz's epigraph gauges the true difference between now and then. In it, he quotes an article from The New

York Times last year about a wild over-the-head shot John Starks had successfully made with his back to the basket.

"On their halftime television show," the article reports, "the announcer Al Trautwig asked Walt Frazier, the former Knick star guard and now an analyst, 'Clayde, did you ever make a shot like that?'"

"Never had to," said Frazier. "I was never out of control."

Christopher Lehmann-Haupt is on the staff of The New York Times.

Check Tuesday's newspaper for a chance to win a holiday in Spain.



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ART

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Galleries Eclipse Auctions at Art Fair

NEW YORK — If any doubts were left that the dealers' best hope against the formidable auction house onslaught lies in art fairs, they were swept away as the International Fine Art Fair opened its doors at the Armory on May 11 for a five-day art selling binge.

With the fair only in its second year and already by far the best in the world for

SOUREN MELIKIAN

paintings and drawings down to the early 1900s, the top brass had all come from Europe and North America.

Martin Summers and Desmond Corcoran, the intensely private partners who run the Lefevre Gallery, had made the trip from London. So had Tim Bathurst of the equally discreet Artemis group, the red-tinted Julian Agnew of Agnew's, London's oldest firm, and all the others, from Spink's to Harari and Johns, to Kate Ganz, who had not bothered the year before.

The French were just as keen. The galleries Huguenot Beres, Brane & Lorenceau and Bruno de Bayser, had made the effort, even though theirs are household names in the United States after decades of dealing. No one can afford to stay away from the battlefield.

To counter the auction house offensive, dealers had tried to project the image of another world, where great art is available at very different prices from the Alice-in-Wonderland numbers spelled out on the auction scene.

Le Fèvre displayed four Corots, that towering figure of 19th-century art that has mysteriously escaped the attentions of speculators. It started with a view of Lake Cuomo and the town in the distance done about 1834 when the young artist was breaking up the canon of neoclassicism, and ended with a scene painted at Ecouen near Paris around 1870.

The Ecouen view is almost Impressionist. Only the atmosphere of dark solitude on a winter day conveyed by the lonely figure of a peasant woman trudging between houses gives it a gravity that belongs to the world of the Le Nao brothers and Rembrandt. The price tag, \$225,000, bore no relationship to those seen a week earlier at auction.

Neither did the \$370,000 at which Courbet's seaside view dated 1866 was offered by Brane & Lorenceau. A masterpiece in shades of beige and blue, the Courbet has never been shown before, nor even reproduced.

Throughout, priority seemed to have been given to keep prices within manageable limits, even where the most glamorous names are concerned. On Thomas Gibson's stand, a very fine Pre-Impressionist landscape, "La Plage de Sainte-Adresse," painted in 1867 by Monet, was offered at \$750,000, transformed from the grimy appearance it had at Christie's not so long ago when it found no buyer. Philippe Cazeau and Jacques de la Béraudière of Paris somehow managed to put up a beautiful and rare Fauve landscape of 1906 by Raoul Dufy at \$1.6 million, well below the auction record levels of past years.

Cazeau insists his is more beautiful than the variant in the Whitney Museum. Beres of Paris made a startling effort to come up with absolute gems under \$200,000, from one of Theodore Rousseau's most subtly painted landscapes at \$77,000, to Pierre Bonnard's "Promenade en Barque," an almost abstract layered landscape of 1900 at \$160,000.

For some, the show promptly paid off. The fair's roaring success in Impressionist and 20th-century art was the display put together by Waring Hopkins and Alain Thomas of Paris in association with Marc de Montebello, whose star is slowly rising on the New York horizon.

A stream of sales started on the opening night on a prankish note — a Parisian collector felt unable to resist the \$42,000 sketch

of the clown Biahna Duhamel done by Vuillard in 1890 in almost Surrealist strokes of swirling white gouache. A day later, sales ranged from Pissarro's "Peasants Reaping," an 1880 gouache sold to a Zurich collector for about \$200,000, to Norbert Goeneutte's portrait of a woman, neither entirely Academic nor Impressionist, which "an actress" bought at roughly the same price.

On the last day, May 16, Hopkins told me in his apologetic manner that they had sold 19 paintings or drawings. On May 17, the telephone rang: "Les Pelerins d'Emmaus," a Nabi painting executed by Maurice Denis in 1894, had just been sold for "around \$300,000," and also a Pointillist landscape of 1892 by Achille Laugé (\$30,000). And, oh yes, the portrait of Paul Gauguin (a stunning pastel of 1900) by Odilon Redon was "under serious consideration."

THE fallout will take longer to assess for some other galleries, most of all those dealing in Old Masters. It is a slower world. There were a few lovely drawings — the red chalk sketch of a horse walking by Naldini brought from Munich by Katrin Bellingier, the likeness of a little girl in black, red and white chalk done by Ubaldo Gandolfi, probably in the 1750s, on the stand of Flavia Ormond of London.

Most revealing of the need to go out and meet clients was the effort made by young dealers. Martin Moeller of Hamburg, with limited cash and a good eye, had bought from two separate sources two landscapes in black chalk by the 18th-century artist Michel-Ange Challe. The view of ancient ruins and the Arch of Septimius Severus, obviously from the same sketchbook, did not seem wildly priced at \$8,500 each.

Greater discoveries were made in paintings. Worth Bracken, owner of the New York gallery M. Roy Fischer, only three years into the art business, was showing a rare panel half-way between Byzantine icon

painting and early Italian Primitive painting.

Executed around 1280 by the Master of Magdalen, the astonishing work, as yet barely known, appears to have surfaced in Italy in the late 1980s.

Almost as rare was the portrait of a girl by Juan Bautista Martínez del Mazo, who married the daughter of Velázquez in 1634.

Mazo spent much time directing workshop copies of the master's pictures (one, in the Wallace Collection in London, fooled specialists until recently). In his own work, he had a distinctive, highly sensitive touch. The head is fully finished, the bust broadly sketched. At \$60,000, it looked like a giveaway measured by the standards of 19th-century art.

It shares a kind of kinship with the study for two characters in "The Wedding at Cana" completed in 1775 by Gaetano Gandolfi, brother of Obaldo. The double portrait, bold in its layout, seems to burst out of its edges. It was discovered by another young dealer, Emmanuel Moatti of Paris, whose price tag of \$110,000 did not seem outrageous either.

The success story here would appear to be that of Bob Haboldt of New York and Paris. A \$240,000 portrait by the rare Johannes Moreelse (1602-1634), who painted for about a decade, promptly left his stand, followed by others.

As the fair was closing, Nicolas Joly of the Galerie Mikaeloff, Paris, gleefully recounted how he had just sold a study in black and red chalk for "Molé avec les factieux de la Fronde," completed in 1779 by François-André Vincent.

The \$26,000 sketch, with its characters in 17th-century garb, must be one of the earliest examples of French Revivalism, heralding the art of the 1820s. An American connoisseur who had seen it in New York had just called from Paris, on his way to a spring vacation, to say he would have it. For Old Masters, this is just a beginning. The Fine Art Fair is on track.



"Portrait of a Young Girl" by Juan Bautista Martínez del Mazo.



Souleymane Cissé's "Waati" examines apartheid; actors Ayano Asahina, Hiroyuki Sanada and Yuraki Nishida pose at presentation of the Japanese film "Sharaku."

A Mad Scientist and His Giant Tinker-toy

By Joan Dupont
International Herald Tribune

CANNES — It is customary at Cannes screenings for the Anglo-American and French contingent to sit at opposite ends of the theater; they find each other's cinema impenetrable and do not laugh at each other's jokes. But Jean-Pierre Jeunet and Marc Caro's "La Cité des Enfants Perdus," which opened the competition, created a shrug of disappointment that rippled across the room. Nothing violent, just a feeling that talent and ingenuity had been tossed into a giant postmodern tinker-toy.

Caro and Jeunet, who come from the world of music videos

and commercials, have been planning this film since the start of their collaboration. They cite their sources as multiple, from Perrault and Hugo, to the en

CANNES FESTIVAL

gravings of Gustave Doré, with a salute to Méliès, "Délicatessen" (1991) was a surprise, a fresh assortment of low-tech jokes that linked household catastrophes into a giant Rube Goldberg cartoon.

"La Cité des Enfants Perdus," starring brilliant digital effects and a cast of monsters, is a costly venture and takes itself more seriously; the setting is a dismal underworld port, a laboratory for a mad scientist and his freak accomplices.

The plot, inspired by a mix of Dickens and Jules Verne, centers on master-mind Krank, played with evil finesse by Daniel Emilfork. His laboratory workers include a dwarf (Mireille Mossé), her six identical clone sons (Dominique Pinon times six) and their maker, Irvin, who is not really a character, but a pulsating brain who sits in an aquarium and wafers out sententious warnings in the seductive voice of Jean-Louis Trintignant. When Irvin gets on Krank's nerves, he tosses an aspirin into the fishbowl. Krank needs children for his project; he feeds on their dreams and sends out Cyclops with X-ray vision to kidnap fresh victims. On the catwalks and streets of the City, Siamese

twin weird sisters, (Geneviève Brunet and Odile Malet), rule a gang of orphan delinquents. Miette (Judith Vittet), chief pickpocket superbrat and the only pretty face in the movie, meets up with a strong man named One (Ron Pearlman, magnificently dressed by Jean-Paul Gaultier, who did the costumes and influenced the look of the film, down to Pearlman's haircut).

This romantic, slightly incestuous couple — it's all right because he's an innocent — set out on a crusade to save the children. But who cares with all that kinky hardware to look at? The brilliant special effects bog the action and fog the story line.

Souleymane Cissé's "Le Temps" ("Waati") is also a French production that took years in the making. Shot in South Africa, the Ivory Coast, Namibia and Mali, the filmmaker's pan-African vision is focused on the story of Nandi, a young girl (Lineo Tsolo) fearless as the lion that her father carves for her. While she is on the beach with her father and brother, a Boer mounted policeman attacks; Nandi responds with her own violence. She escapes South Africa through an underground network and goes to the Ivory Coast, where she studies. Cissé has fashioned the film around a series of rituals, starting with a story that the grandmother tells in front of the fire, a fable on the animal kingdom in which the lion rules and the weak are eaten by the strong. The first ritual occurs when the Boer landlondon their farm orders his son to whip Nandi's father. When the white children object, their mother answers that this is normal since their great-grandparents bought the land and everything that lives on it: humans, animals, and trees.

Nandi moves on to help the Tuareg during a catastrophic storm in the desert and the last part of the movie takes place back in South Africa. The director's tone is never vehement, but so much is packed into the film that the showing is overshadowed by the telling.

The director searched from South to West Africa as well as in France for an actress to play Nandi across Africa and found an Antillean who proved a disappointment. During a period when the shooting was interrupted, he remembered a coiffeuse working on the set and tried her out: Lineo Tsolo makes an intense Nandi.

The film had no less than three producers, but Cissé ended up forfeiting his director's salary, telling his producers he would take things in hand. This, he says, is the way he sees Africa, taking its destiny in hand.

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Auctions in France

FRENCH AUCTION SCENE POISED ON THE BRINK OF CHANGE

Deregulation could increase sales at the upper end of the art market.

Endowed with a status that dates back to a royal decree of 1552 — that of "ministerial officers" sworn in by the minister of justice

after they have passed a qualifying examination — Paris's 100 auctioneers, or commissaires-priseurs, have so far resisted war, foreign invasion and even the Com-

mon Market. But the historic and strictly noncommercial status of French auctioneers (unlike their counterparts elsewhere in Europe, they may not buy in order to sell) is bound to change in the very near future.

French exams As things stand, French legislation obliges individual foreigners to pass the same qualifying exams as their French colleagues if they wish to practice in France and forbids foreign firms from investing in French auctioneering companies. Sotheby's, which uses offices in France to prospect for goods to sell abroad but is still barred from holding sales in France, has taken legal action with the European Commission in Brussels, after the French government was informed that the exclusion of foreign auctioneers was contrary to European Union law.

Officialdom in France has been divided. The Ministry of Justice has long dragged its heels over letting foreign auctioneers into the country, but last year Culture Minister Jacques Toubon said that he supported the idea of a shake-up in the auction scene in France and the arrival of the big British houses. The days of royal privilege would now appear to be numbered.

Efforts to federate Paris's auctioneers into a true collective, as opposed to the existing umbrella organization of Drouot — to enable them to compete with Sotheby's and Christie's — have been

going on for over a year, on the initiative of Joël-Marie Milon, the chairman of Drouot and an auctioneer himself.

Despite his commitment to modernizing the profession, however, the city's auctioneers have proved unwilling to sacrifice their comfortable independence, and progress has been laborious.

Plans to permit outside capital investment in French auctioneering firms have also proved far more problematic and drawn-out than first expected.

A handful of the bigger and more dynamic commissaires-priseurs in Paris, including Jacques Tajan, Guy Loudmer and Jean-Louis Picard, are actually eager to see Sotheby's and Christie's operating in Paris. They believe that France's art market is being preyed upon by Sotheby's and Christie's, which already export the country's best objects for sale abroad. Most gallery owners, too, would be delighted to see the French art trade stimulated by a livelier auction scene.

A striking recent example of the sort of artwork that all too often leaves France nowadays to be sold abroad was Toulouse-Lautrec's "Au Lit: Le Baiser" (1892). A tender bodello scene depicting two prostitutes in bed, it was put up for sale by Sotheby's in New York on May 9 on behalf of Maurice Rheims, member of the Académie Française and one of the country's foremost commissaires-priseurs between 1935 and 1972. Estimated to be worth between \$5 million and \$6 million, the painting, ironically, failed to sell.

Large sales volume For the time being, France's 440 or so auctioneers work within nine regional chambers. Paris, which represents over 40 percent of sales in terms of value, has its own chamber and centralizes its sales in the Drouot salesrooms near the old Opéra. Rebuilt in 1980, the Hôtel Drouot accommodates

"AUCTIONS IN FRANCE" was produced in its entirety by the Advertising Department of the International Herald Tribune.

WRITER: Nicholas Powell is a British journalist based in Paris who specializes in the art market. PROGRAM DIRECTOR: Bill Maher.



An ancient manuscript that sold at Drouot for 3,519,200 French francs (above). An auction takes place at Drouot (right).

an average of 5,000 visitors a day, mainly dealers, who come to view and bid at sales ranging in quality from the occasionally excellent to the jumble-sale variety.

In 1994, Drouot sold for 3.1 billion francs (\$612.8 million) — 3.4 billion francs including premiums — an increase of 1.5 percent in comparison with 1993.

The Ader-Tajan firm, which during the course of last year became the Etude Jacques Tajan after the departure of Antoine Ader and which holds sales in every major artistic specialty, recorded sales of over 330 million francs.

Second in the stakes, with 115 million francs, was Guy and Philippe Loudmer, a father and son company that also covers a broad range of sales and specializes in modern and primitive art. Jean-Louis Picard, who is known for particularly high-quality sales of 18th-century French furniture, recorded 111 million francs in sales.

In addition to the frequently overcrowded Drouot salesrooms, Paris auctioneers use premises on the plush Avenue Montaigne, just off the bottom of the Champs-Élysées, for their prestigious sales aimed at an international clientele of collectors and dealers. Guy Loudmer, among others, has frequently complained that while Drouot may be satisfactory for middle-market sales, it is inadequate for attracting top international buyers.

Paris market Paris has been a major center for primitive art ever since its "discovery" by the Cubists. In addition to Guy

Loudmer, the Francis Lombard and Christian de Quay partnership has recently made inroads into selling major pieces of tribal African and Oceanian art. Both firms are holding important sales in June, as is their colleague François de Ricqlès, who will auction off a 300 piece collection of Cameroon art — a sort hardly ever seen in the salesroom — amassed by Pierre Harter, a French doctor who worked in Africa in the 1950s.

For historical and fiscal reasons, principally the 18.6 percent import tax payable on jewelry coming into France, Paris has never been a major center for sales of jewels, which tend to concentrate in Geneva. But Drouot does organize a large number of sales featuring less valuable items.

Paris is also weak in the field of Old Master paintings, although this rule is regularly disproved by some notable exceptions. In June, for example, Jacques Tajan will put under the hammer 100 high-quality canvases dating from the 17th to 19th centuries. A third of them were consigned by André Gombert, a major dealer in the city, and the rest are being proposed by two European collectors whom Mr. Gombert advised over the years.

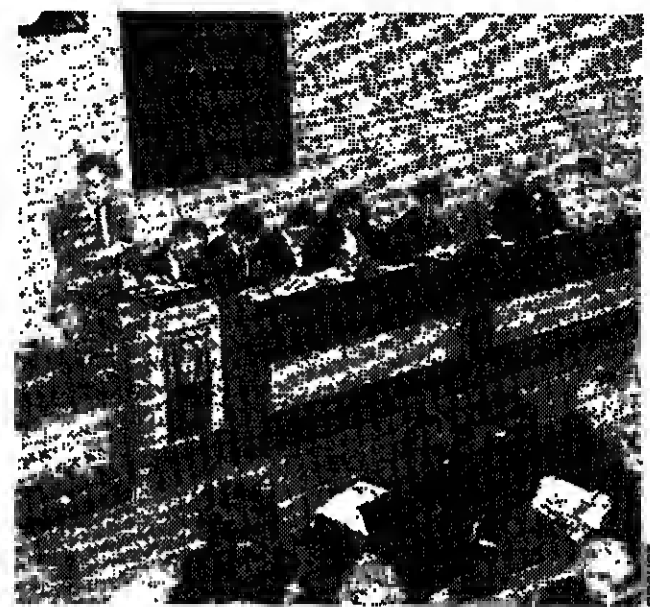
Books have always been a pillar of the Paris auction scene.

The city contains some of the world's best dealers in antiquarian books. French collectors are among the most enthusiastic, and experts consider France to be a largely untapped reservoir of old reading material. Collectors also flock to Paris for

especially appreciated in New York as well as Europe, though they evolved in France.

Regional furniture and ceramics are also strong points at Drouot, although the city's once-high-quality modern and contemporary art sales have not fully recovered from the slump that affected the international art market in 1990.

The three percent tax on the sale of a modern work of art, which is payable to the inheritors of the artist and known as *droit de suite*, exists neither in Britain nor in the United States (except for California). This tax is a major obstacle to French auctioneers, who point, as proof of its iniquity, to the fact that most modern art sales of more than 1 million francs



modern illustrated books, as French bookbinders are considered among the best in the world. Drouot saw a truly exceptional sale in that specialty in May, when auctioneer Hervé Poullain put up for sale over 300 volumes from the collection of Jean-Pierre Guillaume, almost all of them bound by the much sought-after Pierre-Lucien Martin.

Art Deco sales Paris also has outstanding dealers and important auction sales in Art Deco furniture and objects, which are

currently take place outside France.

Le certificat, the export license required for works of art over a certain value, is also seen as a hindrance to trade, as is the five percent value-added tax payable on artworks imported into France. Paris is the capital of a country rich in art, and the city's auction scene could be on the brink of an explosion, provided, the auctioneers say, that bothersome fiscal measures are done away with and that the arrival of Sotheby's and Christie's may at last take place.



LOUDMER
AUCTIONEERS

Paris-Drouot - Rooms 5 & 6
Monday 19 June at 8.30 p.m.
IMPORTANT MODERN PAINTINGS and SCULPTURES

Alberto GIACOMETTI
Portrait of Annette (1954).
Oil on canvas signed at bottom right.
56 x 35.5 cm.

C. BRANCUSI
La muse endormie II (1920).
Painted bronze, gilded patina.
Signed and numbered 2/8 at the back of the head.
Foundry Suisse, Paris.
98 x 117.5 cm.

G. MURANO
Flora (1944).
Oil on canvas signed at bottom left.
33.9 x 24.7 cm.

On view at the auctioneer's office:
From Monday 12 to Thursday 16 June, 10 a.m. - 1 p.m. - 2 p.m.
Friday 16 June, 10 a.m. - 1 p.m.
at the Hôtel Drouot:
Saturday 17 June and Monday 19 June, 11 a.m. - 6 p.m.
Catalogue on request FF 100, by mail FF 140.

LOUDMER, 7, rue Rossini, 75009 PARIS - Tel: (33) 1 44 79 50 50 - Fax: (33) 1 44 79 50 51

JOËL M. CLAUDE MILLON & ROBERT
Associated Auctioneers
19, rue de la Grange-Bâtelière - 75009 Paris
Tel: (33) 1 48 00 99 44 - Fax: (33) 1 48 00 98 58

Paris - Drouot-Richelieu - Wednesday 28 June at 2.30 p.m. - Rooms 5 & 6
OLD MASTER PAINTINGS FINE FURNITURE & OBJETS D'ART
From Mrs K. Collection, Estate S. and others collectors.

CORDELL (Charles-Henri-Joseph)
founder (1827-1903)
Pair of busts:
"La juive d'Alger" painted, gilded, enameled, bronze and ivory.
Red marble plinth.
H: 0.93 m.
Second half of 19th cent.

"Chérif arabe du Caire"
painted bronze and ivory.
Red marble plinth.
Signed CORDELL, H: 0.92 m.
Second half of 19th cent.

On view:
Tuesday 27 June, 11 a.m. - 6 p.m. - Wednesday 28 June, 11 a.m. - 12 a.m.
Catalogue on request at the auctioneer's office: FF 100
Experts: Furniture & Objets d'Art:
MM. O. L. F. H. et R. de l'Exposé MM. R. L. L. et A. N. A. Z. A. R. A. V. A.
Tel: (33) 1 42 46 10 56 Tel: (33) 1 42 46 10 76

FRANCIS BRIEST
Fine Art Auctioneer
21, avenue Montaigne - 75008 Paris - Tel: (33) 1 42 68 11 30
Fax: (33) 1 42 68 11 30

IMPRESSIONIST AND MODERN PAINTINGS
6 WORKS by Camille CLAUDEL
27 WORKS by Alberto GIACOMETTI

Auction: PARIS - DROUOT-MONTAIGNE
15, avenue Montaigne, 75008 Paris
Tuesday, June 20 at 9 p.m.
Monday 19, 11 a.m. - 4 p.m. Tuesday 20 June, 11 a.m. - 4 p.m.
Wednesday 21 June, 11 a.m. - 4 p.m. Thursday 22 June, 11 a.m. - 4 p.m.
Valaine de LA BROSSE Tel: (33) 1 42 68 11 30
On request at Briest's office FF 100.

Maître Francis Briest & Bernard Rey
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2500 ITEMS
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The auction will be held at our former location: **PIERRES D'ANTAN HOUDAN - FRANCE**
On June the 10th, 11th, 12th, 13th and 14th 1995

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au ction sales
IN FRANCE
PARIS

DROUOT RICHELIEU
9, Rue Drouot, 75009 Paris - Tel: (1) 48 00 20 20.

Friday, June 2, 1995

Room 14 at 2.15 p.m. - 18th and 19th Cent. FURNITURE AND OBJETS D'ART. Experts: M. J.-P. Dillée, M. G. Dillée. On view: Thursday, June 1, from 11 a.m. to 6 p.m. - Friday, June 2, from 11 a.m. to 12 a.m. Etude TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel: (1) 53 30 30 30 - Fax: (1) 53 30 30 31. In NEW YORK please contact Kety Maisonrouge & Co. Inc. 10 East 65th Street, 5th floor, N.Y. 10021. Phone: (212) 737 35 07 - 737 38 13 - Fax: (212) 861 14 34.

Friday, June 9, 1995

Room 15 at 2 p.m. - FURNITURE AND OBJETS D'ART. MILLON-ROBERT, 19, rue de la Grange-Bâtelière, 75009 PARIS. Tel: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

Monday, June 19, 1995

Room 8 at 2 p.m. - BOOKS. MILLON-ROBERT, 19, rue de la Grange-Bâtelière, 75009 PARIS. Tel: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

Wednesday, June 21, 1995

Rooms 5 & 6 at 2 p.m. - FROM A CHATEAU OF PARIS REGION: DRAWINGS - OLD MASTER PAINTINGS - WEAPONS - 18th. Cent. FURNITURE AND OBJETS D'ART. POULAIN-LE FUR, 20, rue de Provence, 75009 PARIS. Tel: (1) 42 40 81 81 - Fax: (1) 42 40 00 09.

Wednesday, June 28, 1995

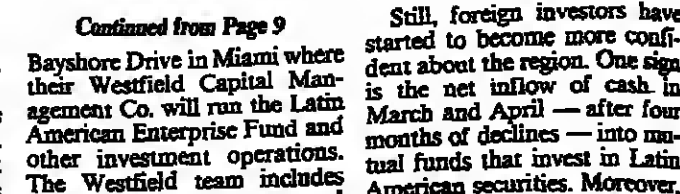
Rooms 5 & 6 at 2.30 p.m. - OLD MASTER PAINTINGS - FURNITURE AND OBJETS D'ART FROM Mrs. K. COLLECTION, S. ESTATE AND OTHERS COLLECTORS. MILLON-ROBERT, 19, rue de la Grange-Bâtelière, 75009 PARIS. Tel: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

DROUOT MONTAIGNE
15, avenue Montaigne, 75008 Paris - Tel: (1) 48 00 20 20.

Thursday, June 15, 1995

At 2 p.m. - IMPORTANT CONTEMPORARY AND MODERN PAINTINGS - SCULPTURE FROM Mrs. K. COLLECTION, S. ESTATE AND OTHERS COLLECTORS. MILLON-ROBERT, 19, rue de la Grange-Bâtelière, 75009 PARIS. Tel: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

Continued from Page 9



sharply this autumn and for the next several years. But, as newspapers have begun

Several publishers said the real test of Champion's move would come if other newsprint suppliers announced similar price increases.

Richard E. Diamond, chairman of the newsprint committee of the Newspaper Association of America, said several large suppliers had told him they did not plan new price increases soon.

since the beginning of the year. Since M
ories that little progress was rallied 6 m

ade on narrowing the U.S. bud-
trade deficits, making foreign-
tant to invest in America.
with the budget gap, the \$166

Foreign Exchange

annual U.S. merchandise trade
as weighed the dollar down.
le gap puts a hoard of dollars
hands of foreign exporters,
them for their own currencies
uring profits home.

His fund will look to invest in companies with sales of at least \$50 million a year. His estimates for 1990 to 2000, however, fell in the target group, but he was reluctant to identify any.

But he would say that beverage companies in Chile and Argentina were attractive. He was also looking at some basic steel

Of course, investing in Latin America is never a sure bet. The high returns that Mr. Kuczyński envisions are possible only because the area is such a risky proposition in the first place. Even some of the smartest investors with the best local connections were caught by surprise in such debacles as the regional debt crisis of the early 1980s and December's peso devaluation. And the ongoing recovery from the peso shock is certain to have its own sur-

Friday, May 19	High	Low	Close	Pre
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EUROPE

Dresdner Bank Stays Bullish on 1995 Earnings

Compiled by Our Staff From Dispatches

FRANKFURT — Dresdner Bank AG said Friday it was "confident" about earnings in 1995, even though first-quarter operating profit was proportionately lower than a year earlier.

Jürgen Sarrazin, the chief executive, said operating profit in the first quarter of 1995 was less than a quarter of its 1994 full-year profit. That would put first-quarter operating profit below 408.5 million Deutsche marks (\$284 million).

The bank did not release figures, but it also said operating profit in the first quarter was higher than in the two previous quarters.

Market conditions in the first quarter were "difficult," Dresdner said.

"In view of the course of business in April and the first half of May, Dresdner Bank has reason to be confident about profit developments for the full year," Mr. Sarrazin said at the annual meeting.

He said the bank's income on own-account trading exceeded 100 million DM in the first quarter. He did not provide a year-earlier comparison.

Net interest income fell 5 percent in the first quarter on a proportionate basis, said Mr.

Sarrazin, as growing competition and "structural changes" pushed interest margins down. Commission income dropped 10 percent because share sales were sluggish.

Risk provisions "have developed favorably so far, but this does not yet permit a forecast for the full year," Mr. Sarrazin said.

Total assets declined about 1 percent in the first quarter, he said, mainly because of a reduction in the bank's bond holdings.

Total lending was unchanged from the first quarter, he said, as a decline in short-term loans of about 2.5 billion DM was offset by a rise in long-term loans of about 2 billion DM.

For the rest of the year, Dresdner will continue to expand its investment banking activities, mainly in the United States.

The bank also said it would continue to build its presence in Central and Eastern Europe, where it has joint-venture banks in Moscow, St. Petersburg and Warsaw, with Banque Nationale de Paris.

Dresdner Bank had a net profit of 1.03 billion DM in 1994, down 3 percent from 1993. Dresdner Bank said it would propose an unchanged dividend of 13.50 DM a share.

(Bloomberg, AFP)

Feeding the Busy Bodies in Paris Marks & Spencer Profits From Changing Lifestyles

By Craig R. Whitney
New York Times Service

PARIS — In the land of foie gras and chateaubriand, fish and chips has long been regarded as suspect, at best.

The French eat well, it is said, while the British merely take nourishment. But Marks & Spencer PLC, the British food and clothing retailer, is striving to change all that.

"Almost everything we've brought in from Britain has been successful," said Peter Matthews, manager of the company's largest Paris store, on the Boulevard Haussmann opposite its French competitors Au Printemps and Galeries Lafayette.

"Baby new potatoes, seedless grapes, Cor's apples," he said, naming a few of his wares. "We're trying to help the French discover things that are new to them, because they've lost that wonderful natural quality with a lot of their own produce."

Such blasphemy would be enough to make Escobar spin in his grave, but in the age of the European single market, English palates have become more demanding, and French eating habits are becoming either lazier or — dare one say it? — less provincial.

Working people in France — as elsewhere — generally don't have time any longer to go home and prepare gourmet meals from scratch at lunchtime, and increasingly supermarkets here offer ready-to-eat, or at least ready-to-micro-wave, substitutes.

The surprise at "Marks & Sparks," as it is familiarly known, is that the French are no longer turning up their noses at potato and spicy tomato bake, or carrots and cauliflower, proudly marked "produce of England."

Marks & Spencer's hottest-selling food item in Paris is an Indian dish.

'We're going for the young 25- to 35-year-old office workers who buy convenience foods.'

Peter Matthews of Marks & Spencer in Paris

chicken tikka masala. "There aren't many Indian restaurants in France," Mr. Matthews explained.

The food department is packed with French customers at lunchtime, and they buy \$60,000 a week worth of oyster packages \$2 to \$3 English-style sandwiches to take back to the office to eat.

The sandwiches are much less calorie-laden, messy, expensive and crisp than the traditional French loaf split down the middle, lathered with butter, and stuffed with ham or camembert.

"We're going for the young 25- to 35-year-old office workers who buy convenience foods," said Mr. Matthews, a 45-year-old Briton.

"Steak and kidney pie is still a small line," he said, "and fish and chips has been a slow starter, but it's just a matter of getting people to take them home and try them."

On Saturdays and holidays, the store looks like a refuge for lost British and American tourists. But its growing French clientele caused the store to expand its food-selling space to 18,000 square feet (1,620 square meters) from 15,000 square feet, covering the entire ground floor, last month. Food now accounts for 21 percent of its business; the rest comes mainly from clothing.

"I come here once a week to shop," said Stephane Ruffier-Meray, a 24-year-old bachelor who works in customer relations for a computer company. "The food is very tasty, it's better value for money than what I can find in French stores, and the labels tell me exactly what's in it and how fresh it is."

Marks & Spencer opened here 20 years ago, initially carrying mainly teas, biscuits and jams labeled "preserves" before the company discovered how close that was to the French word for condoms. Now it carries 1,650 food lines, including wines from France, Italy and South Africa and real Champagne from Epernay that is a bargain at \$15.

The Galeries Lafayette gourmet supermarket across the street offers a vastly larger selection of French cheeses, dairy products, meats, vegetables and a reasonably priced and comprehensive selection of wines, most of which are French.

But, apart from couscous and Basque chicken, it still offers relatively few ready-to-beat meals.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2150	3300	2000
2100	3220	1925
2050	3140	1850
2000	3060	1775
1950	2980	1700
1900	2900	1625
1850	2820	1550
1800	2740	1475
1750	2660	1400
1700	2580	1325
1650	2500	1250
1600	2420	1175
1550	2340	1100
1500	2260	1025
1450	2180	950
1400	2100	875
1350	2020	800
1300	1940	725
1250	1860	650
1200	1780	575
1150	1700	500
1100	1620	425
1050	1540	350
1000	1460	275
950	1380	200
900	1300	125
850	1220	50
800	1140	-25
750	1060	-100
700	980	-175
650	900	-250
600	820	-325
550	740	-400
500	660	-475
450	580	-550
400	500	-625
350	420	-700
300	340	-775
250	260	-850
200	180	-925
150	100	-1000
100	20	-1075
50	-60	-1150
0	-140	-1225
-50	-220	-1300
-100	-300	-1375
-150	-380	-1450
-200	-460	-1525
-250	-540	-1600
-300	-620	-1675
-350	-700	-1750
-400	-780	-1825
-450	-860	-1900
-500	-940	-1975
-550	-1020	-2050
-600	-1100	-2125
-650	-1180	-2200
-700	-1260	-2275
-750	-1340	-2350
-800	-1420	-2425
-850	-1500	-2500
-900	-1580	-2575
-950	-1660	-2650
-1000	-1740	-2725
-1050	-1820	-2800
-1100	-1900	-2875
-1150	-1980	-2950
-1200	-2060	-3025
-1250	-2140	-3100
-1300	-2220	-3175
-1350	-2300	-3250
-1400	-2380	-3325
-1450	-2460	-3400
-1500	-2540	-3475
-1550	-2620	-3550
-1600	-2700	-3625
-1650	-2780	-3700
-1700	-2860	-3775
-1750	-2940	-3850
-1800	-3020	-3925
-1850	-3100	-4000
-1900	-3180	-4075
-1950	-3260	-4150
-2000	-3340	-4225
-2050	-3420	-4300
-2100	-3500	-4375
-2150	-3580	-4450
-2200	-3660	-4525
-2250	-3740	-4600
-2300	-3820	-4675
-2350	-3900	-4750
-2400	-3980	-4825
-2450	-4060	-4900
-2500	-4140	-4975
-2550	-4220	-5050
-2600	-4300	-5125
-2650	-4380	-5200
-2700	-4460	-5275
-2750	-4540	-5350
-2800	-4620	-5425
-2850	-4700	-5500
-2900	-4780	-5575
-2950	-4860	-5650
-3000	-4940	-5725
-3050	-5020	-5800
-3100	-5100	-5875
-3150	-5180	-5950
-3200	-5260	-6025
-3250	-5340	-6100
-3300	-5420	-6175
-3350	-5500	-6250
-3400	-5580	-6325
-3450	-5660	-6400
-3500	-5740	-6475
-3550	-5820	-6550
-3600	-5900	-6625
-3650	-5980	-6700
-3700	-6060	-6775
-3750	-6140	-6850
-3800	-6220	-6925
-3850	-6300	-7000
-3900	-6380	-7075
-3950	-6460	-7150
-4000	-6540	-7225
-4050	-6620	-7300
-4100	-6700	-7375
-4150	-6780	-7450
-4200	-6860	-7525
-4250	-6940	-7600
-4300	-7020	-7675
-4350	-7100	-7750
-4400	-7180	-7825
-4450	-7260	-7900
-4500	-7340	-7975
-4550	-7420	-8050
-4600	-7500	-8125
-4650	-7580	-8200
-4700	-7660	-8275
-4750	-7740	-8350
-4800	-7820	-8425
-4850	-7900	-8500
-4900	-7980	-8575
-4950	-8060	-8650
-5000	-8140	-8725
-5050	-8220	-8800
-5100	-8300	-8875
-5150	-8380	-8950
-5200	-8460	-9025
-5250	-8540	-9100
-5300	-8620	-9175
-5350	-8700	-9250
-5400	-8780	-9325
-5450	-8860	-9400
-5500	-8940	-9475
-5550	-9020	-9550
-5600	-9100	-9625
-5650	-9180	-9700
-5700	-9260	-9775
-5750	-9340	-9850
-5800	-9420	-9925
-5850	-9500	-10000
-5900	-9580	-10075
-5950	-9660	-10150
-6000	-9740	-10225
-6050	-9820	-10300
-6100	-9900	-10375
-6150	-9980	-10450
-6200	-10060	-10525
-6250	-10140	-10600
-6300	-10220	-10675
-6350	-10300	-10750
-6400	-10380	-10825
-6450	-10460	-10900
-6500	-10540	-10975
-6550	-10620	-11050
-6600	-10700	-11125
-6650	-10780	-11200
-6700	-10860	-11275
-6750	-10940	-11350
-6800	-11020	-11425
-6850	-11100	-11500
-6900	-11180	-11575
-6950	-11260	-11650
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-7050	-11420	-11800
-7100	-11500	-11875
-7150	-11580	-11950
-7200	-11660	-12025
-7250	-11740	-12100
-7300	-11820	-12175
-7350	-11900	-12250
-7400	-11980	-12325
-7450	-12060	-12400
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-7550	-12220	-12550
-7600	-12300	-12625
-7650	-12380	-12700
-7700	-12460	-12775
-7750	-12540	-12850
-7800	-12620	-12925
-7850	-12700	-13000
-7900	-12780	-13075
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-8050	-13020	-13300
-8100	-13100	-13375
-8150	-13180	-13450
-8200	-13260	-13525
-8250	-13340	-13600
-8300	-13420	-13675
-8350	-13500	-13750
-8400	-13580	-13825
-8450	-13660	-13900
-8500	-13740	-13975
-8550	-13820	-14050
-8600	-13900	-14125
-8650	-13980	-14200
-8700	-14060	-14275
-8750	-14140	-14350
-8800	-14220	-14425
-8850	-14300	-14500
-8900	-14380	-14575
-8950	-14460	-14650
-9000	-14540	-14725
-9050	-14620	-14800
-9100	-14700	-14875
-9150	-14780	-14950
-9200	-14860	-15025
-9250	-14940	-15100
-9300	-15020	-15175
-9350	-15100	-15250
-9400	-15180	-15325
-9450	-15260	-15400
-9500	-15340	-15475
-9550	-15420	-15550
-9600	-15500	-15625
-9650	-15580	-15700
-9700	-15660	-15775
-9750	-15740	-15850
-9800	-15820	-15925
-9850	-15900	-16000
-9900	-15980	-16075
-9950	-16060	-16150
-10000	-16140	-16225

Very briefly:

- Bell Atlantic Corp. is abandoning an Italian joint venture with Societa Finanziaria Telefonica, known as STET, in favor of closer ties with Olivetti SpA; STET has formed a joint venture with International Business Machines Corp.
- News Corp.'s chief executive, Rupert Murdoch, said the company planned to put all its newspapers on-line within a couple of years; the company recently agreed to a \$2 billion venture with MCI Corp. to help it achieve the goal.
- Abbey National PLC said it made a formal merger proposal to National Provincial Building Society; the bank did not disclose details of the bid, but analysts said it would have to be worth around £1.5 billion to sway National & Provincial's board.
- Bie SA said it had launched an offer to buy out minority shareholders of its U.S. subsidiary, Bie Corp., for \$36.50 a share.
- Italy's budget deficit shrank 17 percent, to 36.30 trillion lire (\$21.9 billion), in the first quarter from a year earlier; industrial output rose 9 percent in March from the year before.
- Cie. Luxembourgeoise de Télédiffusion and Walt Disney Co. won permission from the European Commission to set up a TV channel to be called Super RTL.

W.H. Smith Shares Plummet

LONDON — Shares in W.H. Smith Group PLC tumbled 15 percent Friday after the company forecast an 8 percent drop in annual pretax profit.

The retailer of books, newspapers, music and hardware said it expected annual profit before exceptional items to be about £15 million (\$180 million). The estimate falls short of analysts' expectations.

Sir Malcolm Field, Smith's chief executive, said the addition of 50 multimedia electronics departments by September and 100 children's department by Christmas would help improve performance.

"I can't see the problems going away," said Ian McDougall, an analyst with Williams de Broek PLC. "Smith has admitted that it's an issue of competition chip away at its core market."

W.H. Smith will report the results Aug. 23.

Mercury Sells Holvis Stock

PARIS — International Paper Co. bought a 25 percent stake Friday in its takeover target Holvis Holzstoff AG, exercising a purchase option after a second American company said it would make a higher offer.

When International Paper offered to buy the Swiss paper company for 435 Swiss francs (\$357) a share, or about 387 million francs, on April 24, it said it had agreed to buy shares from Mercury Asset Management at 435 francs. It exercised an option to buy 216,909 shares Friday. Mercury has an option to sell a further 6 percent stake at 435 francs a share.

InterTech Group Inc., a South Carolina-based industrial company, said on Tuesday it would offer at least 500 francs a share by next Wednesday. Holvis's shares, which traded at 350 francs before the International Paper offer, were bid at 510 in Zurich on Friday, down 22 from Thursday's close.

Holvis has rejected the International Paper offer and has not yet formally responded to the InterTech bid, although an executive said it "more fully reflects the value of the company."

International Paper would profit by selling its shares to InterTech, should that company make a higher offer.

Takeover Moves VIAG Toward Its Goal

By Brandon Mitchener
International Herald Tribune

MUNICH — VIAG AG, a conglomerate that got its start in energy, aluminum and fertilizers in 1923, is slowly becoming the competitive high-technology company of its executives' dreams.

Alfred Pfeiffer, the company's chairman, on Friday described the recent takeover of Bayernwerk AG, Germany's third-largest utility, as "a stroke of good fortune that only comes along once every few decades."

VIAG, which already had held 38.8 percent of Bayernwerk, last year bought most of the rest of the company from the Bavarian government.

1248-24

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Month	Div	Yld	PE	Sh	High	Low	Latest	CY198
High Low Stock								
1977	1.76	11.12	10.00	1000	1000	1000	1000	1000
1978	1.76	11.12	10.00	1000	1000	1000	1000	1000
1979	1.76	11.12	10.00	1000	1000	1000	1000	1000
1980	1.76	11.12	10.00	1000	1000	1000	1000	1000
1981	1.76	11.12	10.00	1000	1000	1000	1000	1000
1982	1.76	11.12	10.00	1000	1000	1000	1000	1000
1983	1.76	11.12	10.00	1000	1000	1000	1000	1000
1984	1.76	11.12	10.00	1000	1000	1000	1000	1000
1985	1.76	11.12	10.00	1000	1000	1000	1000	1000
1986	1.76	11.12	10.00	1000	1000	1000	1000	1000
1987	1.76	11.12	10.00	1000	1000	1000	1000	1000
1988	1.76	11.12	10.00	1000	1000	1000	1000	1000
1989	1.76	11.12	10.00	1000	1000	1000	1000	1000
1990	1.76	11.12	10.00	1000	1000	1000	1000	1000
1991	1.76	11.12	10.00	1000	1000	1000	1000	1000
1992	1.76	11.12	10.00	1000	1000	1000	1000	1000
1993	1.76	11.12	10.00	1000	1000	1000	1000	1000
1994	1.76	11.12	10.00	1000	1000	1000	1000	1000
1995	1.76	11.12	10.00	1000	1000	1000	1000	1000
1996	1.76	11.12	10.00	1000	1000	1000	1000	1000
1997	1.76	11.12	10.00	1000	1000	1000	1000	1000
1998	1.76	11.12	10.00	1000	1000	1000	1000	1000
1999	1.76	11.12	10.00	1000	1000	1000	1000	1000
2000	1.76	11.12	10.00	1000	1000	1000	1000	1000
2001	1.76	11.12	10.00	1000	1000	1000	1000	1000
2002	1.76	11.12	10.00	1000	1000	1000	1000	1000
2003	1.76	11.12	10.00	1000	1000	1000	1000	1000
2004	1.76	11.12	10.00	1000	1000	1000	1000	1000
2005	1.76	11.12	10.00	1000	1000	1000	1000	1000
2006	1.76	11.12	10.00	1000	1000	1000	1000	1000
2007	1.76	11.12	10.00	1000	1000	1000	1000	1000
2008	1.76	11.12	10.00	1000	1000	1000	1000	1000
2009	1.76	11.12	10.00	1000	1000	1000	1000	1000
2010	1.76	11.12	10.00	1000	1000	1000	1000	1000
2011	1.76	11.12	10.00	1000	1000	1000	1000	1000
2012	1.76	11.12	10.00	1000	1000	1000	1000	1000
2013	1.76	11.12	10.00	1000	1000	1000	1000	1000
2014	1.76	11.12	10.00	1000	1000	1000	1000	1000
2015	1.76	11.12	10.00	1000	1000	1000	1000	1000
2016	1.76	11.12	10.00	1000	1000	1000	1000	1000
2017	1.76	11.12	10.00	1000	1000	1000	1000	1000
2018	1.76	11.12	10.00	1000	1000	1000	1000	1000
2019	1.76	11.12	10.00	1000	1000	1000	1000	1000
2020	1.76	11.12	10.00	1000	1000	1000	1000	1000
2021	1.76	11.12	10.00	1000	1000	1000	1000	1000
2022	1.76	11.12	10.00	1000	1000	1000	1000	1000

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China's Futures After Bo

THE MONEY REPORT

FIRST COLUMN

Intelligence From All Over

Everyone knows it's a bluff, but the threat of a trade war between the United States and Japan has made the investment community sit up and take notice. As ever, the interesting questions far outnumber the sensible answers.

For example, is the dollar finally reaching the bottom of its long, painful drop against the Japanese yen? What will happen to mainstream share markets in Europe if the greenback strengthens? Will there be another flight of U.S. investment capital from the emerging markets of Latin America to parallel the Mexican catastrophe at the turn of the year? And, if so, will this again be echoed in the emerging markets of Asia, which some commentators say are vulnerable as never before to a sudden withdrawal of international funds?

It would be more than ambitious to suggest that all the right answers were forthcoming at the investment conference organized in Zurich this week by the International Herald Tribune and its quarterly fund management magazine, International Fund Investment.

In fact, such a suggestion would probably be dangerous. The only genuine point of consensus to emerge among the financial luminaries assembled at a similar conference 12 months ago was that the dollar was definitely undervalued, and that a big dollar play would be everyone's free lunch for 1994.

So much for the majority view and conventional wisdom.

Nevertheless, this week's conference, entitled "Which Way Are the Markets Moving?" attracted speakers with interesting and often conflicting views. Much of the information and many of the direct quotations in this week's section were gathered at the conference. The intention is to bring our readers, through some of the best contemporary analytical thought, a snapshot of the world's markets at a particularly critical time.

M.B.

Stronger Currencies May Weaken the Case for Bonds

By Baie Netzer

HAD Chicken Little warned of a particular currency falling rather than the sky, he might well have caused more panic and he would certainly have found a more receptive audience. Financial assets, after all, can appear much more complicated than the heavens, and in the event of a collapse, your situation depends on what you own and how you're hedged.

Take, for instance, two identical pools of bonds, structured to mirror an international bond index, that were purchased separately five years ago by a Japanese and an American investor in their own currency. With an initial investment of \$100 million, the U.S. investor would now have a portfolio worth \$215 million, according to Andrew Skirton, managing director of BZW Investment Management Ltd. in London.

In contrast, an initial investment of 100 million yen would be worth only 82 million yen today, an 18 percent decline.

That just shows the extent of how the appreciation of the yen has undermined bond markets, says Mr. Skirton. "There's a reason Japanese investors are conservative and have parked their money in domestic bonds."

The Japanese may soon be joined by other fixed-income investors who have found the recent currency crisis and its impact on world bond markets confusing and unprofitable. After spectacular returns in 1993, world bond markets slipped 3.8 percent last year, according to a Salomon Brothers index.

But while the correlation between many bond markets became evident last year, "the risks still don't outweigh the benefits of diversification," argues Mr. Skirton. "One thing is certain: Individual investors must weigh currency considerations heavily before investing in international fixed-income instruments. Though a 'strong' currency sounds to most ears like a good thing, the 40 percent real appreciation of the yen since the beginning of the year 'has to damage the country's stability and structures,'" according to Norbert Walter, chief economist at Deutsche Bank Group in Frankfurt.

Japanese companies are currently too highly leveraged, their profits are sinking and price/earnings ratios on stocks are about twice the level they should be, Mr. Walter says. Because he believes that the political stability to shore up these risks is

Market Snapshot

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Risk and reward in Latin America
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The outlook for base metals

lacking, Mr. Walter argues that a considerable "counterparty risk" also exists for governments and international corporations doing business with Japan. That, in turn, affects international bond markets.

"The implication for the world at large is that people go short, they pile up on liquidity," he says. To avoid a continued repatriation of Japanese capital, which would further drive up the value of the yen, he suggests the United States sell denominated Treasury securities to attract private and institutional Japanese investors.

Though the Deutsche mark is another recent climber in world currency markets, Howard Flight, joint managing director of Guinness Flight Global Asset Management Ltd. in London, has a less favorable long-term view.

He says a number of domestic problems are likely to undermine the Deutsche mark: a manufacturing-biased economy that is weak in the service sector, high labor costs which make Eastern Germany unattractive for direct investment compared with its Eastern European neighbors, a probable increase in unemployment, a costly social service system and wage pressures.

"With the shortest working hours and the longest holidays, the German work ethic appears to me to be ebbing," Mr. Flight says. Given the recent strength of the Deutsche mark, however, Mr. Flight notes that short-term capital flows can buck longer-term trends in interest rates and currencies, even if the longer-term trends reflect the fundamental state of the underlying economy.

As illustration, Mr. Flight points to the beaten and battered U.S. dollar, which before its recent rebound had fallen 15 percent against the Deutsche mark in the past two months.

"The outlook is quite good and the stage is set for a prolonged period of dollar strength," Mr. Flight says.

But a more bullish view is expressed by John Hamrock, a vice president at fund company Federated International Management Ltd. in Paris. He argues that the long-

term depreciation of the dollar against the Deutsche mark has signaled an enormous transfer of wealth from U.S. children to Europe's children.

"U.S. consumption is high, savings are low, and there is a lot more focus on tax cuts and shifting the burden of services than on deficit reduction," Mr. Hamrock says. "It is not yet clear to us that our politicians are truly ready to bite the bullet."

While Mr. Flight and Mr. Hamrock are divided on the U.S. dollar, Mr. Skirton of BZW says he expects the Canadian dollar to be the world's strongest currency over the next six months. With the Canadian budget deficit on the decline, the outlook in the Canadian bond market is strong and the "currency is as cheap as chips," he says.

In the European fixed-income markets, Mr. Skirton points toward the French and Danish bond markets. While he is not expecting any "fireworks" in Europe, it is possible for some European bond markets to offer yields 3 or 4 percentage points above German bonds, he says.

In the U.S. market, Frederick Horton, managing director of Trust Company of the West in Los Angeles, touts the \$1.7 trillion mortgage-backed securities market, which currently accounts for 30 percent of the \$4 trillion U.S. fixed-income arena.

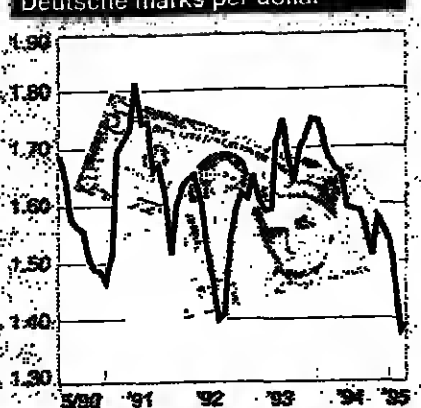
He points conservative investors toward shorter-term adjustable-rate instruments. He recommends investors with a longer-term horizon investigate deeply discounted collateralized mortgage obligations likely to be called at par in the next 6 to 12 months. They currently sell for 30 to 60 cents on the dollar.

But Mr. Hamrock of Federated Investors warns of a reversal in the coming weeks or months of the U.S. bond rally that started in November.

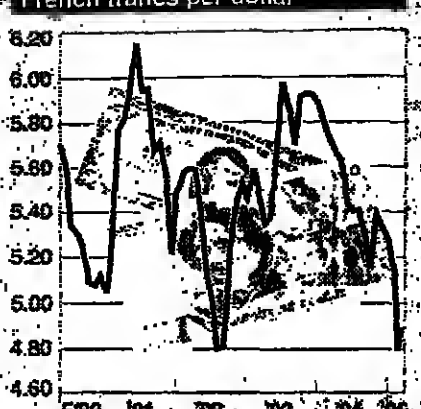
Dollar Exchange Rates

Currencies against the dollar, monthly

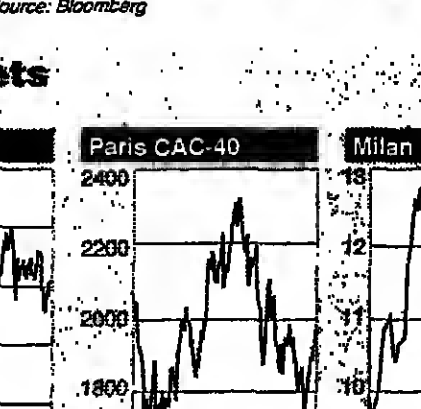
Deutsche marks per dollar



French francs per dollar

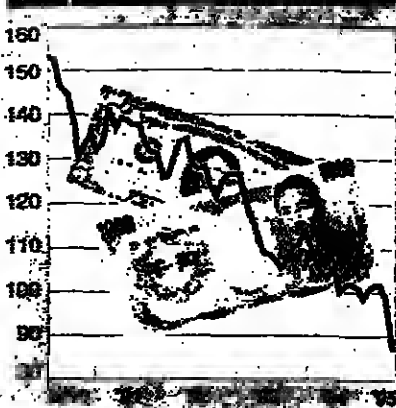


British pound



Source: Bloomberg

Yen per dollar

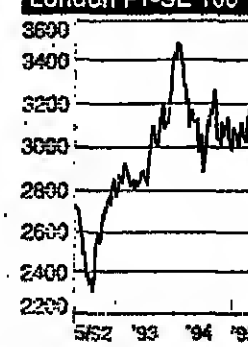


International Herald Tribune

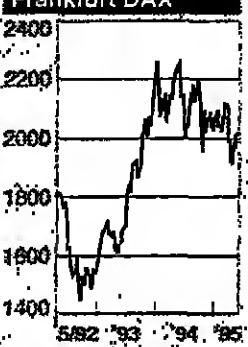
European Stock Markets

Stock market indexes, weekly closes

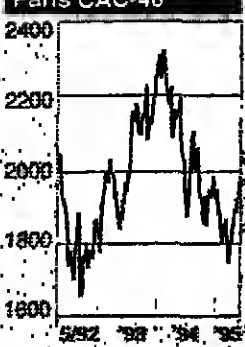
London FT-SE 100



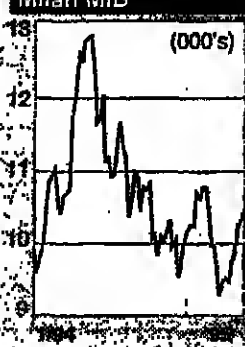
Frankfurt DAX



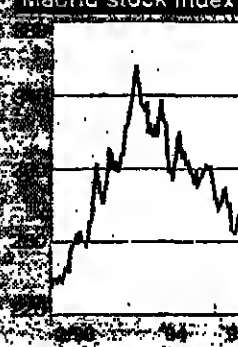
Paris CAC-40



Milan MIB



Madrid stock index



Source: Bloomberg

International Herald Tribune

Jury Is Divided on Best Bets in Europe

By Martin Baker

INTERNATIONAL investors who do their reckoning in dollars may not have noticed it, but this year has been at best indifferent for European share markets.

Although Europe has produced some erratic share performances, the weakness of the U.S. dollar, especially against the French franc and the Deutsche mark, has boosted greenback investors' returns. Investors in the French market have done well. In addition to a strong currency, the Paris Bourse rose to its high for the year last week as it greeted the arrival of a conservative president, Jacques Chirac.

But opinion is sharply divided as to whether that kind of performance can be sustained and where the best investment opportunities lie in Western Europe and the emerging, formerly Communist economies of the continent.

Alan Albert, senior manag-

ing director at Merrill Lynch Global Asset Management in London, argues that a key factor in determining the level of European markets in recent years has been the gigantic sums of money invested by U.S. mutual funds.

Mr. Albert believes that the trend among big U.S. mutual and pension funds to invest outside the United States will continue, and that this will have a radical effect on European market levels.

"Global capital flows mean volatility and action compressed into short periods," he says. "These global flows will double or triple in the next five to 10 years."

Others, however, take the view that more orthodox economic phenomena are driving the markets. Talal Shakerchi, European portfolio manager for Old Mutual Portfolio Managers Ltd., believes that European markets will react to well-recognized stimuli such as favorable interest-rate movements. "I expect German rates to

come down this year," he says. "The Bundesbank's priorities are to protect the value of the Deutsche mark on the foreign exchanges and keep inflation low. Low German money supply growth and weak consumer demand are very much in favor of lower rates."

Mr. Shakerchi also identified investor sentiment toward quality stocks, harmonization of financial reporting standards, and the tendency of aggressively managed European companies to cut back their labor forces as important driving forces for European shares.

Rory Landman, a director of Baring Asset Management's emerging Europe investment team, identifies some exciting possibilities in the lesser developed markets of Europe but notes a significant practical drawback.

"Liquidity is very low in many emerging European markets, and it's difficult to invest more than small amounts without moving markets significantly," he says.

Nevertheless, he regards the risk-reward ratio as compellingly attractive. Moreover, Mr. Landman views this month's announcement by General Motors Corp. of its intention to do business in Poland as the most significant economic development in emerging Europe for years.

Colin Kingsnorth, chief executive officer of Regent Kingpin Capital Management, a company specializing in investing in Russia, also recognizes the difficulties of investing in immature markets.

"People have already made and lost fortunes in Russia, and the market's only been going for 18 months," he says, citing fraud, the inaccuracy of government economic statistics and high inflation as just some of the hazards.

But Mr. Kingsnorth argues that with more than 90,000 privatized companies and an estimated market capitalization of some \$20 billion, Russia is an investment opportunity not to be missed.

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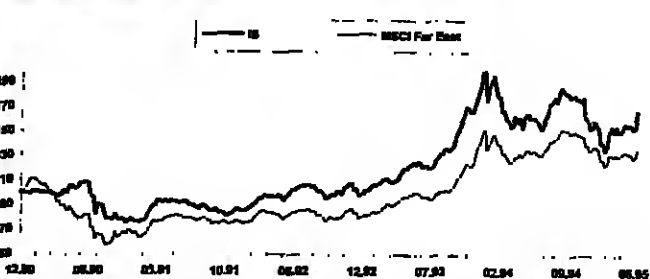
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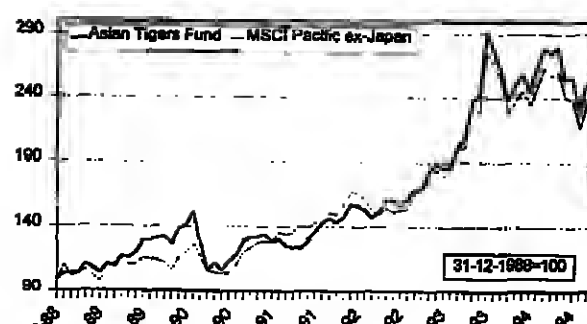
This South East Asia fund can invest on all stock exchanges in this zone i.e., on markets 'close to maturity' such as Hong Kong or Singapore, as well as on more 'junior' markets (Korea, India, China, etc.).

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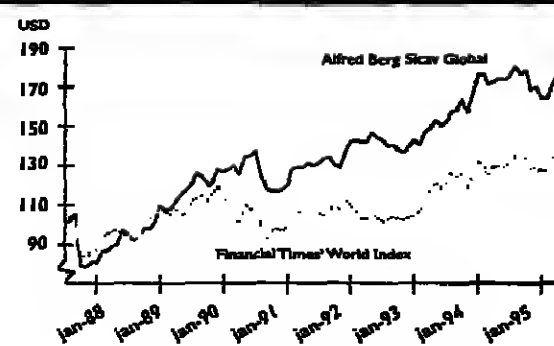
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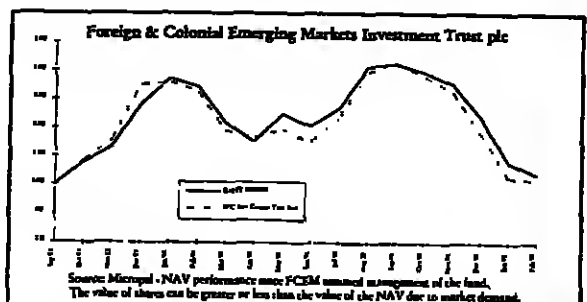
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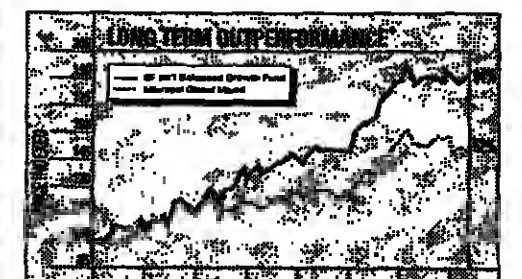
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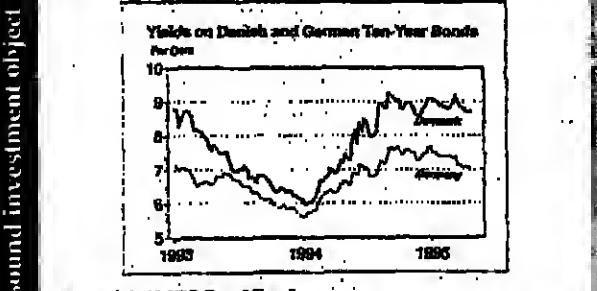
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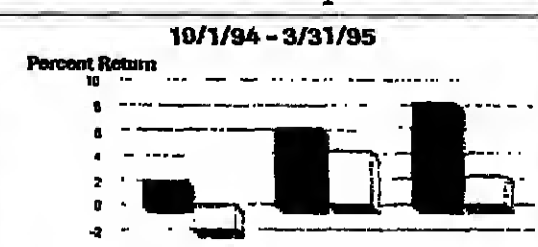
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DP America	1.8	8.1	8.1
Russell 2000	-1.9	4.5	2.3

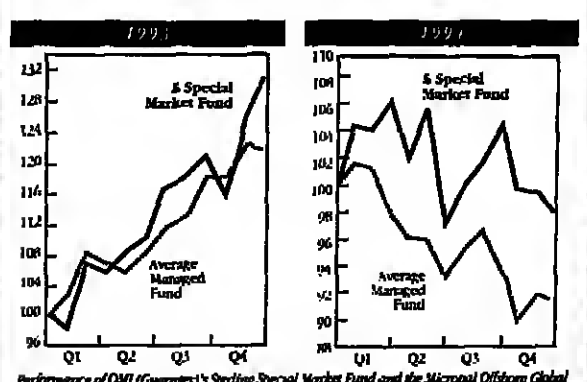
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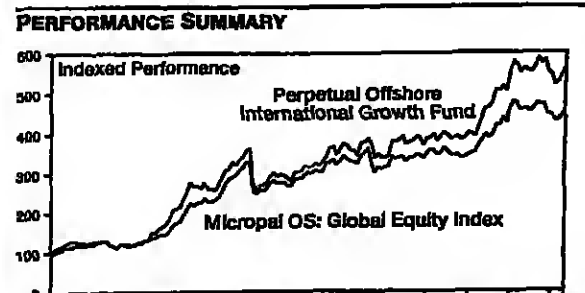
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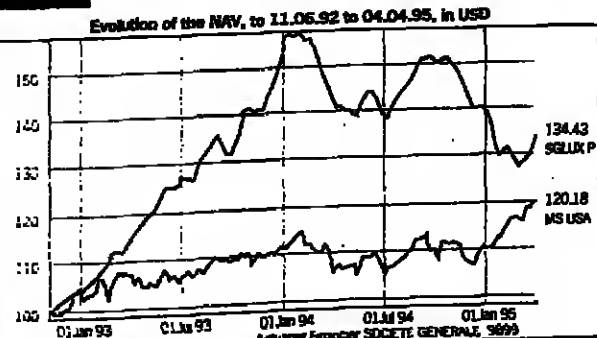
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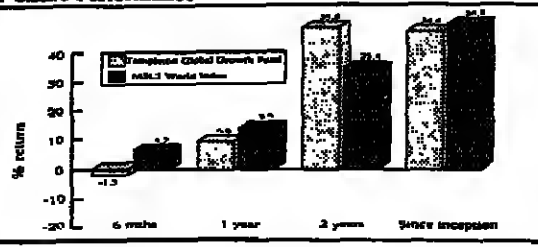
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Source: Templeton & MSCI. Performance figures above are total return in US Dollars to 31.3.95, inception date 28.2.91.

OBJECTIVE: Seeks long-term capital growth by investing in equity related issues of companies and governments of any nation. The base currency is US dollars.

COMMENTS: The fund has seen a healthy inflow of cash over recent months and has been cautiously investing this new money. As reported in previous months, the fund has now stopped adding to its holdings in the more cyclical sectors such as paper, chemical and metal stock areas following good performance from many of these stocks. A number of small reductions have been made in this area in response to changing company valuations but these stocks still represent a good proportion of the fund. Value continues to be available in the pharmaceuticals and food retailing sectors. The general characteristic of companies in these sectors is that they are strongly cash generative. It is expected that representation in this area will continue to increase. In general, investor sentiment remains fairly upbeat: this is a better environment for investing since it is only when most investors are pessimistic that you can find outstanding bargains.

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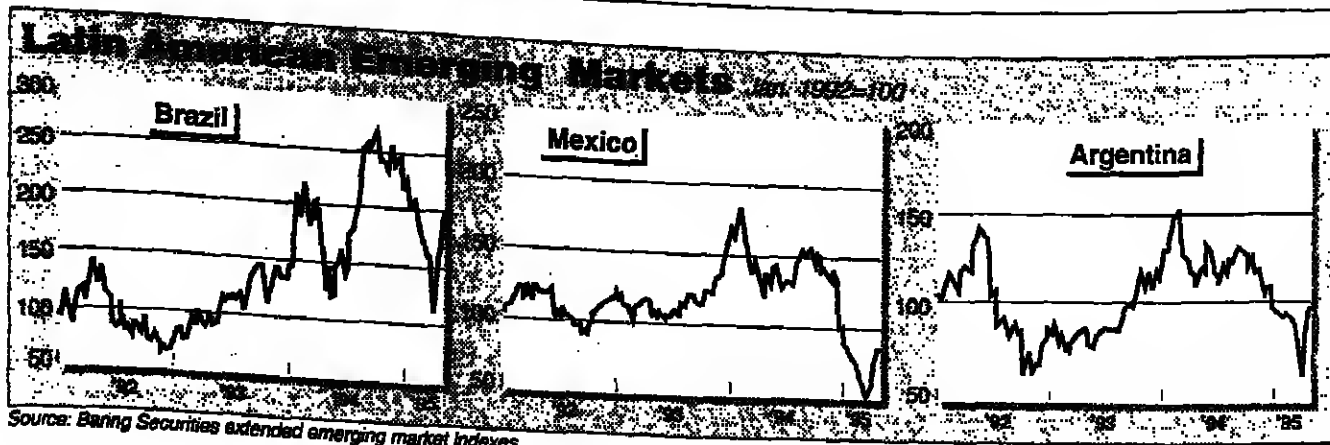
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THE MONEY REPORT



Source: Barris Securities extended emerging market indexes.

Latin America: Diamonds in the Rough

By Judith Rehak

YOU can hardly blame even intrepid investors for shying away from Latin America right now. Stock markets in Mexico, Brazil and Argentina are still reeling from the "tequila effect," or spillover from the precipitous devaluation of the Mexican peso in December. These markets are down as much as 40 percent.

Yet investors who have braved Latin America for years maintain that the region's long-term growth story is still solid.

Politically, investors have been cheered by the re-election of President Alberto Fujimori of Peru and, just last week, President Carlos Saul Menem of Argentina. Both men have instituted tough economic measures that have delivered stable currencies and tamed rampant inflation, and in doing so they have gained widespread approval in their home countries and abroad.

Latin America also offers some of the best opportunities for emerging market investors, claims Peter Gruber, president of Latinvest Management Corp. in Berkeley, California. "Market valuations are about half that of the Far East," Mr. Gruber says. At the same time, "per capita income in Asia is only \$720 annually, and in Latin America, it's \$3,355," he adds.

Mr. Gruber also sees Mercosur, the trade bloc covering Brazil, Argentina, Uruguay and

Paraguay and their 200 million people, as a tremendous plus that will drive industries like car production in Brazil, now at 2 million units annually, to 4 to 5 million units a year in six years. "China won't be at that point until 2015," he says.

Another theme throughout Latin America is the success of the privatization of inefficiently run government companies.

In 1993, the Argentine oil

"Mexico is dead money for now," says one. There are deep concerns about Mexico's draconian austerity program, imposed by the government of President Ernesto Zedillo, which is slashing the spending power of the middle and lower classes by half. "What worries me is the social-political backlash from that," says Terence Mahony, chief investment officer for

Vale do Rio Doce, a mining and transportation company.

Latin America experts are even more cautious on Argentina, which teetered on the edge of a banking crisis earlier this year when frightened local and foreign investors withdrew their deposits after Mexico's peso devaluation.

One investor observed: "The risk is not currency devaluation but economic slowdown. A lot of money left the country."

Elsewhere, the tiny Peruvian stock market is attracting attention because of the country's phenomenal recovery under Mr. Fujimori.

Peru's inflation, once an astronomical 7,000 percent annually, is now around 10 percent to 12 percent. Terrorism is at its lowest ebb in years, and privatization is under way.

Foreign investors have been buying stocks in Peru's mining sector and the country's telephone company, although Mr. Gruber warns that shares are "fully priced, so there's not much room for a hiccup."

Other investors say they only feel comfortable in Chile because of its solid financial footing and strict economic and currency controls that have made it a model for economic reform in the rest of Latin America.

For individual investors who insist on jumping in now, Mr. Gruber has one last piece of advice: Judge your investments over a three-year time frame to account for any volatility.

But he gives Brazil the benefit of the doubt, holding blue chips like Electrobras, a utility, and

Markets are promising but volatile, so one expert says a three-year investment time frame is 'realistic.'

company YPF reduced its workforce after privatization to 7,500 employees, down from 51,000 in 1990, accompanied by a near-quadrupling in productivity per employee.

Shares in privatized phone companies throughout Latin America also have been the darlings of foreign investors, reaping healthy returns in Chile, Mexico and Argentina.

But does all this mean that investors should be getting ready to return to Latin America sometime soon? Not necessarily.

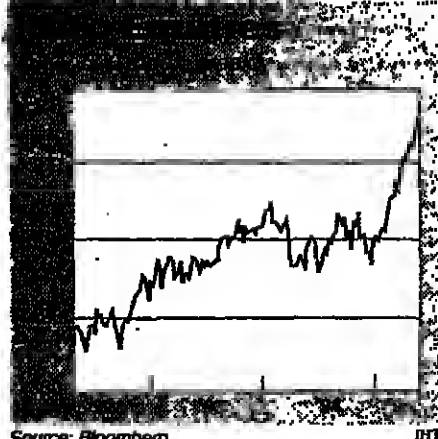
"Mexico, by all accounts, remains the highest risk. Even though the stock market has rallied, and first-quarter earnings from Mexican companies were better than anticipated, most experts remain on the sidelines.

emerging markets at HSBC Asset Management.

Mr. Gruber, for his part, has a substantial stake in Brazil, with shares in Telebras, the country's phone company, and Usiminas Mecanica, a steel manufacturer, as well as in companies in energy, banking, and food and beverages.

Mr. Mahony calls Brazil "a conundrum." He says he is convinced that Domingo Cavallo, the finance minister, is serious about economic reform, but that expectations for quick reform may be too high and may rekindle inflation, now at 1.8 percent a month compared with 45 percent a year ago.

But he gives Brazil the benefit of the doubt, holding blue chips like Electrobras, a utility, and



Source: Bloomberg

Bargain-Hunting on U.S. Exchanges

THE U.S. stock market stayed in record territory last week, buoyed by sharp rises in corporate profits for the first quarter of the year and by a growing body of evidence that domestic inflation will remain subdued for now.

But with the Dow Jones Industrial Average and Nasdaq small-capitalization composite index climbing steadily, some observers are saying that the markets are too expensive, and that it's too late to get in.

Not by a long shot, says another camp of analysts. These market bulls don't necessarily agree on where investors should place their bets right now, and all have some caveats. But they agree that the movement of business cycles and some fundamental changes in corporate America portend continued high performance by U.S. stocks.

"Small-cap stocks in the U.S. are the place to be if you're willing to take some extra risk," says Donald Picher, manager of the MFS International U.S. Emerging Growth Fund.

Small company stocks tend to run in cycles of about seven years, and Mr. Picher gives the current market upturn, which started in late 1990, at least three years to go.

He notes that the recent declines in U.S. interest rates and low inflation have also created an ideal climate for small companies.

"It's especially true in high-tech stocks, where earnings are exploding," he added. His fund, which is up 12 percent this year, has a hefty 42 percent stake in technology companies.

Mr. Picher's picks must have at least a 20 percent growth in annual earnings, be major players in their markets, and have managements with a personal stake in the company.

Among his current favorites are Autodesk Inc., which owns 70 percent of the

design software market, and Oracle Systems Corp., a maker of software for client-server computers, growing at 35 percent a year.

Only an upturn in inflation could butt these stocks, Mr. Picher maintains, adding that he doesn't see that as a threat.

Mr. Picher also sees buying opportunities in health maintenance organizations, or HMOs, whose prices have been beaten down by uncertainty over health care reform.

His rationale for owning companies like United Healthcare Corp. and Mid-Atlantic Medical Services Inc. is that no matter what the changes are in health care, the inevitable cost-cutting will favor HMOs.

Not all stripes of small company stocks make the experts' buy lists right now, however.

Mary Lisanti, managing director of the global investment management group at Bankers Trust, is bullish on small companies in many sectors.

However, she is less than enthusiastic on many small banks and retailers because, as she puts it, the American consumer market

is "overstuffed" and "overbanked." Ms. Lisanti maintains that many small banks will only produce good returns for their investors if they are bought by larger banks.

Ms. Lisanti also warns investors to pay "more attention than usual" to their small-company stocks, which can be notoriously volatile.

She also advises not to hesitate about buying out: "The key is to have a sell discipline," she says. "Don't marry your stocks."

Mr. Picher agrees. If he sees anything slipping, "I'm out in a day," he says.

For investors who prefer less volatility and more familiar names, there are other opportunities in the United States right now, according to Walter Downey, portfolio manager of Fidelity's World Fund, which owns shares primarily in big U.S. companies.

He points to the profits being reaped by companies that have cut costs, applied technology and increased productivity, making them the low-cost producers of everything from aircraft and steel to paper products.

For investors looking to gain the full benefits of this trend, Mr. Downey favors three "early-stage restructuring" companies: Xerox Corp., Exxon Corp. and General Motors Corp. Mr. Downey also likes sectors which are "underowned" by U.S. fund managers, such as defense, energy and capital equipment.

Mr. Downey also finds U.S. banks a "fascinating group." He points out that changes in banking laws, which are driving reorganizations, favor institutions like Citicorp, Bank of New York and Core States Financial, which he deems only modestly valued.

J.R.

Currency Questions Hurt Asia Markets

By Kevin Murphy

OVERSHADOWED by currency volatility and collapses in emerging markets elsewhere in the world, many of Asia's stock markets outside Japan have lost none of their fundamental appeal, fund managers and strategists say.

Yet the timing of recovery in international investor sentiment remains elusive, given the yen's recent might, U.S. investors' willingness to venture abroad again and concerns that a global capital shortage will slow Asia's steady growth.

When Hong Kong and Wellington are among the Asia-Pacific region's best-performing stock markets, it is a clear sign that Asia's proven high-growth potential no longer translates directly into portfolio performance.

In New Zealand's case, a strengthening local currency, strong growth and low inflation have inspired equity investors' confidence. In Hong Kong, the market is running strong based on the belief that it couldn't get much cheaper after a disastrous 1994.

But what about everywhere else in between?

Spooked by the sudden collapse of the Mexican peso, many fund managers have turned their backs on emerging markets wherever they might be.

Any country with a current account deficit—more money going out than coming in—and an unfamiliar currency is suddenly suspect.

"Emerging countries tend to have current-account deficits," said Stephen Swift, head of global equities with Credit Suisse Asset Management Ltd. "It all depends on how that deficit is comprised."

"Current-account deficits can be tolerated if it means a country is investing in new productive capacity," said Mr. Swift, noting investors' overall preference for long-term direct investment over "hot money" flowing quickly in and out of portfolio investments such as equities and bonds.

There are differing degrees of dependence on current-account deficits to fund the strong growth seen throughout Asia outside Japan. But almost all countries in Asia compare favorably with Mexico and the other Latin American markets, where stock exchanges were hammered by foreign investors after the peso collapsed.

Asia has been far better at steering foreign capital into productive capacity than Latin America as a whole, according to experts. At the same time, it has managed to keep inflation low and improve productivity despite the capital inflows.

Many money managers were forced to liquidate Asian positions to pay for heavy redemptions on mutual funds that straddled Latin America and Asia as the Latin American markets melted down.

But just when the markets began to settle, a new blow in the form of the U.S. dollar's rapid deterioration against the yen arose to worry investors.

Concerns that countries with

dollar-linked currencies would be uncomfortably squeezed by the fact that they had borrowed in yen—but earned much of their export income in dollars—brought a new worry into investors' minds.

While many Asian countries have sought some form of debt relief from Tokyo on long-term borrowing denominated in yen, most countries appear to be coping well with the added payments.

A higher yen might mean higher inflation for countries dependent on Japanese capital goods imports, but as Japan's own exports lose in competitiveness due to the yen's appreciation, most Asian countries stand to benefit.

For direct competitors such as Korea and Taiwan, a straightforward substitution process is now underway in categories of goods where a clear quality or marketing advantage has been maintained by Japan.

Other countries stand to benefit as Japanese companies are forced to utilize cheap foreign labor to remain competitive, accelerating a process that has been behind much of non-Japan Asia's growth in recent years.

"Overall we have every reason to be confident in most of these markets," said Mr. Swift of stock exchanges from South Korea to Singapore. "These markets are becoming major markets, and the choice of investments in Asia continues to grow."

In 1995 we see in individual countries some signs of peaking earnings momentum," he said. "They may slow down,

but we are not talking about a dramatic slowdown."

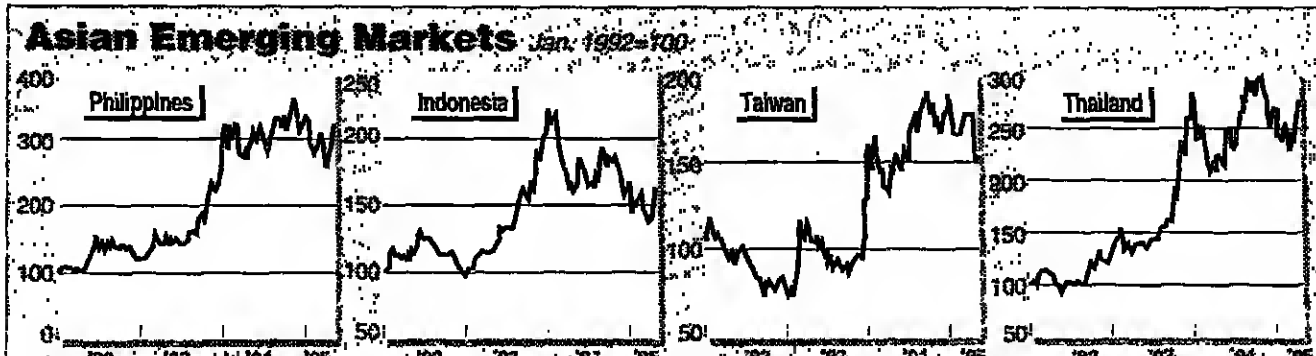
However, according to Mark Faber, a Hong Kong-based investment analyst, Asia's glory will be more subdued in future years, given its own need to invest heavily in infrastructure and high-tech manufacturing at a time when U.S. import growth may slow and global competition for capital is poised to intensify.

"Asia has for the first time become dependent on foreign capital for investment and it's happening at a time when the need for capital elsewhere is rising," Mr. Faber said of areas like Eastern Europe and Russia, which are now more likely to be able to attract investment than a few years ago.

In Tokyo the situation is far more confused in the near term. With Japan and the United States apparently set to square off in a trade war but no signs of lasting currency stability on the horizon, strategists quickly divide on the next step forward for Japanese equities.

Nicholas Knight, deputy managing director and head of strategy for Nomura Research Institute Europe Ltd., has predicted that Japan is headed for another recession on the back of the yen's damage to economic recovery. As such Japanese equities are no place to be in coming months, based on a pessimistic view on currency strength.

There is no mechanism now with which Japan can recycle its trade surpluses," Mr. Knight said. "And that is causing serious difficulties."



Source: Barris Securities extended emerging market indexes.

Institutions Take a Shine to Base Metal

By Baite Netzer

BASE metals may not have the glamour of gold and silver or the global political importance of oil, but as exchange-traded commodities they are proving increasingly popular among institutional investors.

These investors, among them banks, pension funds and multinational corporations, pumped \$26 billion into the base-metal market last year, according to an estimate from Prudential Bache (Futures) Ltd. in London.

Exchange-traded derivative products on base metals such as aluminum, zinc, tin, nickel, lead and copper are available on the London Metals Exchange, the 9th largest exchange in the world.

"Traditionally, the exchange was used as the classic hedging facility for producers and consumers, or people making and taking delivery," explains John King, a Prudential executive.

Currently, however, institutional investor participation has risen to 25 percent of the market, helped in part by the rally in base metal prices last year.

That price rally stemmed in part from agreements between Western producers and the nations of the former Soviet Union. In exchange for those countries' curtailing the amount of base metals they bring onto the market, Western producers have promised to transfer technologically advanced production techniques to their competitors in the East.

An increasingly varied selection of base metal financial products have also boosted their popularity among institutional and wealthy private investors. Futures trading in base-metal indexes or in baskets of base metals trebled last year, largely pushed by the funds sector.

"As the institutional side gets more and more involved in products like indexes and baskets, it becomes easier and easier to generalize about base metals as an index class," says Mr. King.

For instance, the outlook for base metals can largely be tied to projected gross domestic product growth in Western countries, Mr. King said. The accepted estimate is that base-metal prices will rise 6 percent for every 1 percent increase in GDP.

Though that may sound like a guarantee for success, a pull-back in base-metal prices during the first quarter of this year has already occurred, and institutional investors appear to have slowed their rush into the market.

The risk of a further market exit from institutional investors is one of the dangers for those considering a position in base-metal futures. In addition, investors searching for good liq-

uidity may find a downturn in base metals extremely volatile and hard to get out of, notes Mr. King.

Another risk involves the agreements with the former Soviet states. "There is already some evidence that those agreements are not being followed to the letter," acknowledges Michael Purdy of Prudential Securities' New York office. "But that's largely already been discounted into the prices."

Structured or over-the-counter derivative products are also available to make a play on base-metal prices, but these

products are more often used by producers or end users of the metals. The resurgence in base-metal trading has largely occurred through "basic, vanilla, exchange-traded products," Mr. King says.

Investors who wish to dabble in base metals but want to avoid the complex derivative market may also look to the shares in base-metal mining companies. Indeed, the return on these shares can exceed the price increase in the underlying metal, Mr. King says.

The catch? "You have to pick exactly the right company," he says.

BRIEFCASE

Jersey Allows Limited Partners

Venture capitalists seeking to combine the tax advantages of an offshore incorporation with the flexibility of a limited partnership now have one more place they can go.

A recent change in Jersey law provides that limited partnerships can now be established on the island.

Among other things, the change means that companies in need of venture capital, such as emerging biotechnology companies or management buyout firms, can use the Channel Island to take advantage of a corporate structure that particularly favors such companies.

Limited partners are passive investors whose liability for debts and obligations is limited to the amount of their contributions but who are legally forbidden to take part in management. That role is reserved to the general partners, who have unlimited liability.

A spokesman says the Jersey law offers several advantages

over similar legislation in other jurisdictions.

For one thing, Jersey limited partnerships will be treated as "fiscally transparent," with each partner being separately assessed for tax. This means that each limited partner can identify any losses incurred, which he may be able to set against his own income for tax purposes.

For another, accounts can be kept in any currency, even the European Currency Unit, or Ecu.

Guide Tells All About New PEPs

One of the most popular investment vehicles on the U.K. market is the personal equity plan, or PEP. In their newest permutation, PEPs based on corporate bonds are expected to come on the market in a flood this summer. Three corporate bond plans are already out there, and investment advisers say demand is high.

"A lot of our clients require sustainable, high income to

gether with stability of capital, and they are already showing considerable interest in the new PEPs," says Roz Barber, an editor at Chase de Vere Investments, a London financial advisory firm.

To help sort things out, Chase de Vere has just published a guide to corporate bond PEPs.

The firm believes many PEP holders will be tempted to switch into the new corporate bond instruments because of the attraction of high income. "But our advice for the time

being is: Wait and see," Ms. Barber says. "The market is still digesting the rules, and the product providers are already showing wide variations in their approach. It's clearly going to be a very competitive market with lots of opportunities."

The guide is available free of charge by calling London, (0800) 526-092.

The Money Report is edited by Martin Baker

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SPORTS

Penguins Shut Out Capitals in Game 7

The Associated Press
PITTSBURGH — Even without Mario Lemieux, no playoff lead is safe against the Pittsburgh Penguins. Especially when the Washington Capitals hold it.

Goalkeeper Ken Wregget again made the difference in a Game 7, stopping 33 shots as the Penguins

scored first-period goals and the Penguins, who twice rallied from two-goal deficits at home earlier in the series, made just such a lead stand up behind Wregget.

"Once they had 3-1, I think they were planning to put us away a lot earlier than Game 7," Wregget said. "Maybe it got us focused. We didn't panic and there was no dissension."

Wregget, yanked for the rusty Tom Barrasso during Pittsburgh's two blowout losses at Landover, Maryland, stopped all but one of the Capitals' 64 shots in the final two games. Their only goal after a 6-5 loss in Game 5 came with Pittsburgh up by 7-0 in Game 6.

"I didn't play any differently the last two games," said Wregget, who didn't have a single regular-season shutout.

The Capitals got a solid game from suddenly steady goalie Jim Carey, who stopped only 7 of 13 shots in Game 6, but they couldn't solve Wregget or Pittsburgh's suddenly tightened-up defense.

The Capitals outhit Pittsburgh 33-18, but few of the scoring chances were particularly good, and they couldn't get to Wregget even when they got them. Their best chance probably came when Peter Bondra, the NHL regular-season goal scoring leader, was stopped point blank off a breakaway with three minutes left.

The Capitals also couldn't hold such leads against the eventual Stanley Cup champion Penguins in 1992, and the New York Islanders in a 1987 collapse finished off by a four-overtime Game 7.

Norm Maciver and Ron Francis scored first-period goals and the Penguins, who twice rallied from two-goal deficits at home earlier in the series, made just such a lead stand up behind Wregget.



Ron Francis (second from left) scored and Pittsburgh's fans sensed capitulation.

Timely Homer Benefits Texas

The Associated Press
On a night when 18 home runs were hit in American League parks, Rusty Greer, Mike Macfarlane and Jon Nunnally hit the most timely ones. Pinch-hitter Greer's grand slam in the bottom of the eighth gave the Texas Rangers a 6-2 victory over the Milwaukee

AL ROUNDUP

Brewers. Macfarlane, too, connected in the bottom of the eighth as Boston beat Cleveland, 4-1. Nunnally's homer in the bottom of the 14th gave Kansas City a victory over Seattle.

"It's a great feeling," said Greer, who gave the Rangers their fourth straight victory and the Brewers their fifth straight loss.

Greer was pinch-hitting for Jack Voigt, who was acquired Tuesday from Baltimore and hit a bases-empty homer in the seventh to tie the score. Manager Johnny Oates played the left-handed Greer against the right-handed Mark Keifer because the Brewers were out of left-handed relievers.

Red Sox 4, Indians 3: Macfarlane's homer was his sixth of the season and his fourth in the last five games. He moved into the cleanup spot for Boston because Jose Canseco went on the disabled list Wednesday.

Carlos Baerga went 3-for-4 and drove in two runs for the Indians, but he botched a double-play ball in the sixth that allowed the Red Sox a 3-2 lead.

Disney, Just Ducky in NHL, To Up the Fun With Angels

Los Angeles Times Service
ANAHEIM, California — The Walt Disney Co. and the California Angels announced that the entertainment giant has agreed in principle to buy a 25 percent interest in the baseball team, with an option to purchase the rest "at a later date."

"When the deal is consummated, Disney will be the managing partner and run the day-to-day operations of the baseball club," Richard M. Brown, the team's president and chief executive officer, said Thursday.

Completion of the deal is subject to the approval of the other major league owners.

The Angels have been for sale for more than a year. As recently as May 5, Peter J. Ueberroth, the former baseball commissioner and president of the Los Angeles Olympic Organizing Committee for the 1984 Games, was considered the front-runner.

This will be Disney's second foray into big-time professional team sports. It bought an National Hockey League expansion franchise in 1992, and named the team the Mighty Ducks, after a Disney movie. A more recent Disney movie, "Angels in the Outfield," featured the California Angels.

The Disney touch applied to professional hockey has meant an emphasis on entertainment beyond the game itself, and will be extended to the baseball team.

"We will create a number of concepts to develop synergies between the Angels and various Disney entities, including Disneyland and the Mighty Ducks," said the Disney announcement. "And we plan to create a total entertainment experience for baseball fans just as we have for hockey fans."

The Red Sox won their fifth straight, putting them a half-game behind Philadelphia for best record in the majors.

Royals 3, Mariners 2: Nunnally, who entered the game as a pinch-hitter in the 10th, rescued the Royals on a night when they had considerable trouble driving in runners.

They left 23 men on base, with 14 in scoring position and six at third base.

Angels 15, Twins 9: Reserve catcher Andy Allanson homered twice, drove in six runs and went 4-for-5 to raise his average from .048 to .192 as California won in Minneapolis.

Rockies Fall Short Again

The Associated Press
For Don Baylor, manager of the Colorado Rockies, it was one of those games that you should lose sleep over.

"You knew early it would be a one-run game. You always think about the one run you

didn't get. We came up 90 feet short tonight," Baylor said Thursday night after the Atlanta Braves won, 3-2.

Javier Lopez's fourth homer of the season, a 446-foot shot with a man on that landed deep in the seats in left-center in the seventh inning, had provided the margin of victory.

But the Rockies, who dropped three of four games in Atlanta, narrowly missed winning this one in the ninth.

"We wouldn't take it. They tried every way they could," Baylor said.

With two outs and Colorado

SCOREBOARD

Major League Standings

AMERICAN LEAGUE			
East Division			
Team	W	L	Pct.
Boston	14	6	.692
New York	11	9	.556
Toronto	9	11	.450
Baltimore	8	11	.421
Detroit	8	12	.400
Central Division			
Team	W	L	Pct.
Cleveland	12	6	.667
Minnesota	10	10	.500
Kansas City	9	11	.450
Chicago	8	11	.421
St. Louis	7	13	.350
West Division			
Team	W	L	Pct.
California	12	9	.571
Seattle	11	9	.556
Texas	10	11	.500
Oakland	10	11	.476

NATIONAL LEAGUE

East Division			
Team	W	L	Pct.
Philadelphia	15	5	.750
Montreal	12	9	.571
Atlanta	11	10	.524
New York	9	12	.429
Florida	5	15	.250
Central Division			
Team	W	L	Pct.
Chicago	12	7	.632
Houston	10	10	.500
Cincinnati	9	10	.476
St. Louis	10	12	.455
Pittsburgh	7	13	.350
West Division			
Team	W	L	Pct.
Colorado	12	8	.600
San Francisco	11	11	.500
Los Angeles	10	11	.476
San Diego	10	11	.476

Thursday's Line Scores

AMERICAN LEAGUE			
Team	W	L	Pct.
Minnesota	9	9	.500
Seattle	10	9	.524
Los Angeles	10	9	.524
San Francisco	10	9	.524
San Diego	10	9	.524

Japanese Leagues

Central League			
Team	W	L	Pct.
Yokohama	15	10	.600
Yamaguchi	14	11	.560
Chunichi	11	14	.438
Hanshin	10	15	.400

Pacific League

Team			
W	L	Pct.	
Saitama	21	11	.656
Orix	16	13	.556
Kintetsu	16	13	.556
Nippon Ham	16	13	.556
Lotte	16	13	.556

NBA Playoffs

CONFERENCE SEMIFINALS			
Team	W	L	Pct.
Orlando	21	21	.500
Chicago	21	21	.500
Phoenix	21	21	.500
San Antonio	21	21	.500

NHL Playoffs

CONFERENCE QUARTERFINALS			
Team	W	L	Pct.
Washington	21	21	.500
Pittsburgh	21	21	.500
Philadelphia	21	21	.500
San Jose	21	21	.500

Baseball

AMERICAN LEAGUE			
Team	W	L	Pct.
Oakland	15	10	.600
Seattle	14	11	.560
Los Angeles	11	14	.438
San Francisco	10	15	.400

Baseball

NATIONAL LEAGUE			
Team	W	L	Pct.
Philadelphia	15	5	.750
Montreal	12	9	.571
Atlanta	11	10	.524
New York	9	12	.429
Florida	5	15	.250

Baseball

AMERICAN LEAGUE			
Team	W	L	Pct.
Oakland	15	10	.600
Seattle	14	11	.560
Los Angeles	11	14	.438
San Francisco	10	15	.400

Baseball

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New York	9	12	.429
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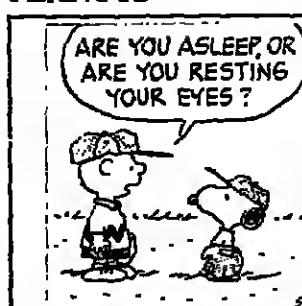
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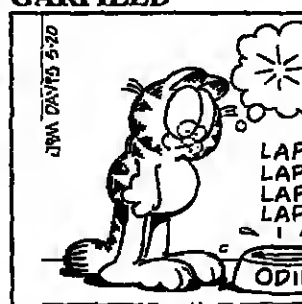
Baseball

AMERICAN LEAGUE			
Team	W	L	Pct.
Oakland	15	10	.600
Seattle	14	11	.560
Los Angeles	11	14	.438
San Francisco	10	15	.400

Dennis the Menace



Garfield



Beetle Bailey



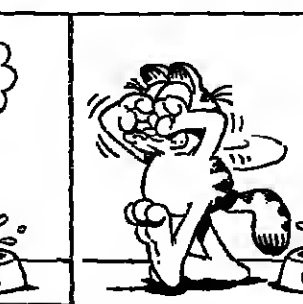
Doonesbury



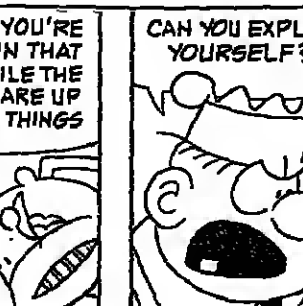
Peanuts



Calvin and Hobbes



Wizard of Id



The Far Side



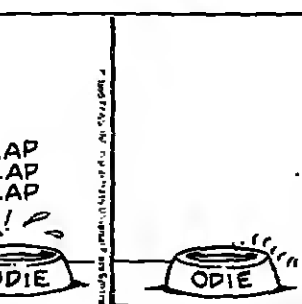
Blondie



Jumble



Education Directory



Education Directory



Education Directory



Education Directory



Magic — Poof! — Make Jordan and His Bulls Disappear

By Michael Wilbon
Washington Post Service

CHICAGO — The looks on the faces of the Chicago Bulls said they couldn't believe it.

With just more than three minutes left, they had led by eight points and a Game 7 of their NBA Eastern Conference semifinal appeared inevitable. But the young Orlando Magic stormed back in a way Michael Jordan and the Bulls used to.

They scored the last 14 points of the game while Jordan shot an air ball and made two questionable passes in the final 30 seconds. And that improbable combination of events gave Orlando a 108-102 victory that eliminated the Bulls, 4 games to 2.

It was the first time since 1990, in Game 7 against the then-defending champion De-

troit Pistons, that the Bulls with Jordan had walked off the court as losers in a playoff series.

But when Orlando's Shaquille O'Neal dunked home the final two points with just seconds remaining, it served to underscore that the Magic are

NBA PLAYOFFS

younger, stronger, quicker, perhaps smarter and indisputably better. It was their second victory here in the United Center, and the third game in this series in which Jordan was shaky down the stretch.

With 3:24 left, after B.J. Armstrong's 3-pointer, put the Bulls up, 102-94, it seemed the series was headed back to Orlando. Instead, the Magic got an offensive rebound basket from O'Neal, a 3-pointer from Nick Anderson and two free throws from Brian Shaw, then a shake-and-bake jumper from

Anderson with 42.8 seconds left that put them ahead, 103-102.

Jordan had missed everything with his shot when the Bulls ahead, 102-101, and it had become obvious several minutes earlier that he was exceptionally tired. After Anderson's go-ahead basket, the Bulls called time out.

When play was resumed, Jordan found 7-foot-2 center Luc Longley open under the basket, much the way he passed to Bill Wennington for the game-winning dunk in March at Madison Square Garden, when Jordan torched the Knicks for 55 points. Problem was, Longley not only didn't dunk the ball, he didn't lay it in. He didn't even hit the rim: the ball glanced off the glass, Dennis Scott was fouled and he sank a free throw for a 104-102 Orlando lead with 28.7 seconds left.

"It's very disappointing," Jordan said. "I've got a whole

summer to say what if. What if I made the jump shots down the stretch? What if I'd been here a whole season? What if I'd been here last season?"

The Bulls had a chance to tie, but after another timeout, Jordan found himself double-teamed by O'Neal and Anderson. Again, he tried to hit Longley, but this time the pass was low, around Longley's knees, and he never caught the ball. Orlando recovered, Penny Hardaway made two more free throws, Armstrong missed a 3-pointer, O'Neal finished and the party was on for the Magic.

The franchise that joined the league in 1989 now awaits the winner of the New York Knicks-Indiana Pacers series, which Indiana leads, 3-2, going into Game 6 Friday night in Indianapolis.

Jordan scored 24 points, with 9 assists and 7 rebounds, while Scottie Pippen had 26 points and 12 rebounds for the Bulls.

O'Neal got 27 points and 13 rebounds.

Horace Grant, who didn't play for much of the last quarter after he dislocated his finger and couldn't even hold the ball, got only 6 points and 6 rebounds.

Still, it was Grant whom teammates carried off the court on their shoulders after the buzzer sounded. To a man, the Magic credited him with showing them how to win playoff games, particularly on the road.

"We've had poise since day one, or since Horace Grant came to the team," O'Neal said. "To me, he's the team's MVP. He doesn't have a shoe deal or a rap album. All he does is make shots, grab rebounds."

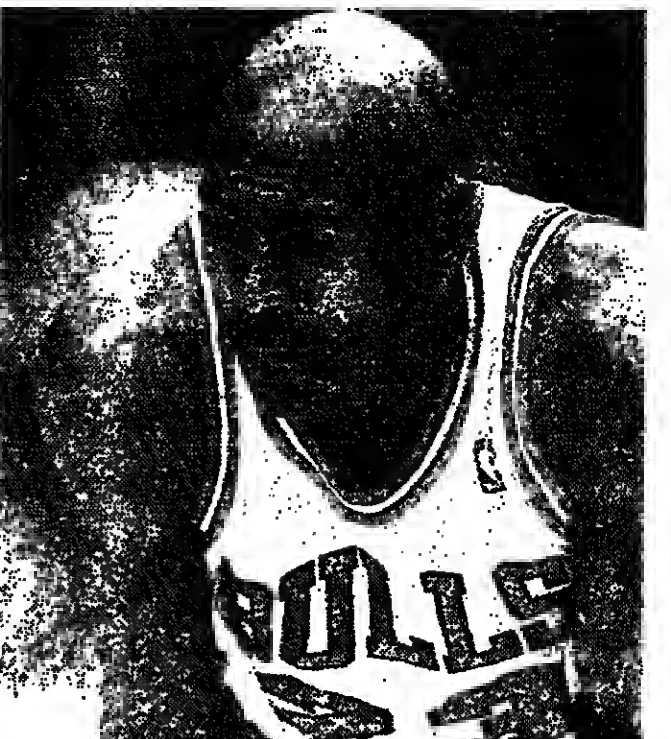
Asked how he felt, being carried off the court by his new teammates in the city where he helped win three NBA titles, Grant said, "I was looking for Jerry Krause in the stands." He was referring to the Bulls' general manager, who let free agent Grant get away last summer after seven seasons in Chicago.

The Horace Grant story line obscured the fact that the Bulls also had a difficult time guarding Hardaway (21 points), Anderson and Scott. When all three were in the lineup together, it meant that either Armstrong or Steve Kerr, each 6 feet 2, had to try to guard a man at least three inches taller.

Grant, in his postgame interview, was asked whether Jordan had enough players on his team since coming back March 19 to seriously contend for a championship.

"When you've got Scottie Pippen, Toni Kukoc, B.J. Armstrong... you've got enough guys to get the job done," he said.

And in his off and on running battle with his former teammate, Grant had had the last word.



Michael Jordan ran out of breath, then out of a season.

New Tournament For Rugby Union Set for Next Year

Reuters

CAPE TOWN — South Africa, Australia and New Zealand rugby union officials said Friday that they have agreed to launch a southern hemisphere rival to the Five Nations championship, starting next year.

A format for the competition, as well as a proposed replacement for the Super 10 provincial tournament, was confirmed at a meeting between leading officials on Friday, although few details were announced.

Edward Griffiths, chief executive of the South African Rugby Football Union (SARFU), stressed that the new competitions would fall within the regulations of the International Board, but said commercial discussions were still continuing.

"We're not just sitting back and letting events take their course," said Griffiths. "The message is we have reached an advanced stage."

Full details of the new tournament are likely to be announced before the end of the World Cup on June 24, sources said.

SARFU, the Australian Rugby Union and the New Zealand Rugby Union have agreed to form a company, comprising two directors from each country. David Moffet, executive director of the New South Wales Rugby Union, has been appointed chief executive.

The Super 10 format, comprising provincial sides from the three countries plus either Western Samoa or Tonga, was already up for discussion at the end of a three-year agreement.

Officials refused to say whether the Pacific island countries would be invited to take part in the new competition.



Ireland's Nick Poppell (bottom), the barking Terry Kelpin and Terence Kingston went head-to-head with a scrum machine in Johannesburg.

Spurs Gain Final as Rockets Hang On

The Associated Press

Form prevailed as the San Antonio Spurs advanced to the Western Conference final for the first time in 12 years and the Los Angeles Lakers ran out of miracles.

The Spurs, whose 62-20 regular-season record was the best in the NBA, used a 16-2 run late in the third quarter to go ahead for good in beating the host Lakers, 100-88, Thursday night to win the best-of-7 second-round series, 4-2.

David Robinson led the Spurs with 31 points and 15 rebounds. He scored 12 of his team's final 14 points; the Lakers scored only six points during that time, making the game seem more one-sided than it really was.

"We had a very bad attitude in Game 5, but left that attitude

in San Antonio and came here to play basketball," said the Spurs' coach, Bob Hill. "I think we were so heavily favored to win, we took this team for granted. That was a big mistake, because they never quit. They just kept coming at us."

Never was that more evident than early in the fourth quarter. The Spurs held a 79-68 lead entering that period, but the Lakers outscored them by 14-5 to draw within two points with 7:23 left. But they would get no closer.

"I think they got a little bit tired," Robinson said. "We made them play catchup the whole game."

Dennis Rodman, back in the starting lineup after a two-game absence, had 12 points and 16 rebounds. The Lakers' center, Vlade Divac, got only three as

the Spurs outrebounded the Lakers, 42-28.

Nick Van Exel, who had been largely responsible for keeping the Lakers in the playoffs, got only 13 points although he also had 11 assists.

"I knew before the game that Nick wasn't 100 percent," said the Lakers' coach, Del Harris. "His back was hurting. When he didn't come out shooting, I knew he didn't feel good."

Rockets 116, Suns 103: Hakeem Olajuwon scored 30 points and Houston's sharpshooters scored 15 straight fourth-quarter points on 3-pointers as the Rockets, trying to become the fifth team to recover from a 3-1 deficit, tied their Western Conference semifinal at 3-3, with Game 7 on Saturday in Phoenix.

Trailing by 84-83 with 35 seconds to go in the third quarter, the Rockets went on an 18-5 charge that carried over into the fourth period.

Olajuwon, who had nine points in the last period, then turned the game over to the Rockets' 3-point shooters and they made five in a row.

Mario Elie started off the barrage and later made another, while Sam Cassell also hit two 3-pointers and Robert Horry got one in the hurt that kept alive the Rockets' hopes of defending their NBA title.

Charles Barkley, with sub-par performances in Games 3 and 5, made his first 10 shots and finished the opening half with 27 points and the Suns held a 58-55 lead. But Barkley took only two shots in the fourth quarter and finished with 34 points.

Rodman: Back With a Bang And a Big Raspberry for All

The Associated Press

INGLEWOOD, California — "The victory tonight was not for me, it was for the other 11 other guys," he said, having initially waved off reporters. "Whatever I did was for them. They live for this stuff, not me. I live for myself and my daughter."

Dennis Rodman, back in the starting lineup for the first time in three games, had lost none of his rebounding ability or bizarre habits.

He got the Spurs off to a strong start, dominating the first period with six points and seven rebounds. He sat down with

1:23 remaining and the Spurs leading, 24-18, then rested, with his shoes off, for much of the second quarter, playing only the final 3:47.

He started the second half and sank a jumper to give the Spurs a 59-57 advantage. He also scored a basket in a 10-0 run that put them ahead, 79-68, heading into the final quarter.

Rodman was held out of the Game 4 victory after not taking take part in a huddle and generally acting as though he wasn't interested. He didn't start but played in Tuesday's game in San Antonio, getting 11 points and 15 rebounds.

As recently as that day, he and the Spurs' coach, Bob Hill, were trading shots in the media. But tempers cooled as quickly as Rodman changes his hair color, although, for this game, he had the same orange top, red-rimmed 'do that he had worn previously.

"He's arguably the greatest rebounder in the history of the league," Hill said before tipoff. "Why would you want to trade that?"

Rodman had seven of the Spurs' 14 rebounds in the opening period and added two assists. He often directed traffic on the floor, waving his arms and pointing for his teammates to get in position.

Which did not impress Hill.

"That's the cosmetics. We knew what plays we were going to run," the coach said. "It's part of his entertainment package. I don't care that he does that."

Rodman still found time to prove he is unique. Heading to the bench for the first time near the end of the first quarter, he greeted the spectator sitting next to him with a handshake and chatted for about a minute.

During the huddle between periods, Rodman stood shoeless, hands clasped behind his back and watched the Laker Girls perform on the overhead scoreboard before turning to watch them in person.

Midway through the third quarter, the crowd of 17,505 chanted insults at him as he smothered the Lakers' Cedric Ceballos



Dennis Rodman: Forever bizarre.

after the two crashed to the floor in pursuit of the ball. Rodman got up smiling, and helped Ceballos up, too.

A minute later, two fans at courtside shouted at Rodman and he came over, bopping one of the men on the head before a teammate chased him away.

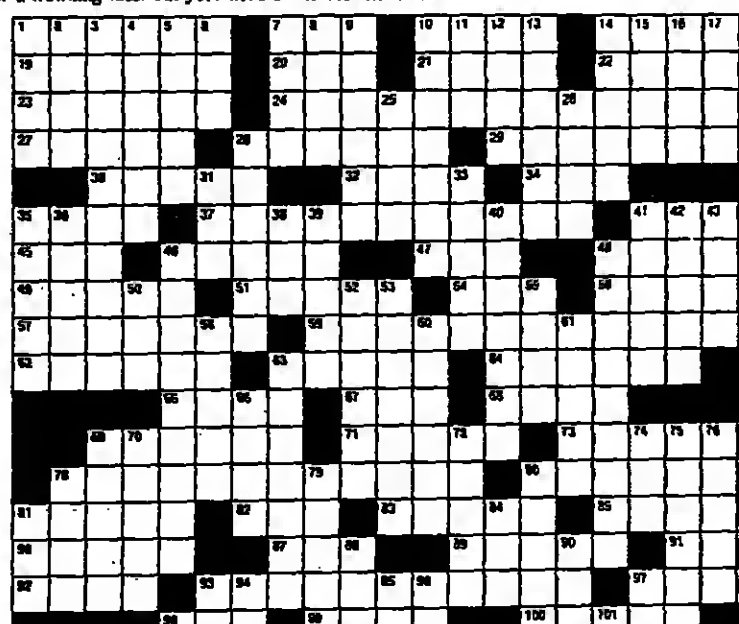
While the rest of the Spurs enjoyed the victory in the locker room, Rodman was off by himself in a hallway. He finally made his way through the room, signed an autograph for a young boy, then disappeared into an adjoining room.

"These moments come and go so often that's why I don't get wrapped up in them and I guess that's why I get wrapped up in myself," he said.

CELEBRITY TYPES By Dean Niles

In E-mail messages, faces are sometimes created by combinations of letters, numbers and punctuation marks, as in: (for a frowning face. Tilt your head 90° to the left to view.

- ACROSS
- Register message
 - Slippery
 - Cruelty deposit
 - Florentine statue
 - Guyana's
 - Indians
 - Kind of flour
 - Jai
 - shine; for
 - shine; for
 - shine; for
 - Vietnam seaport
 - is; ; ;
 - Bone cavities
 - "Indeed" once
 - Former gold
 - Lee
 - cheesecake
 - Think
 - Hideaway
 - Get-together
 - First name in
 - erotics
 - Garlicky dish
 - 81:01
 - Square-cut cigar
 - Jazz style
 - Sign of a smash

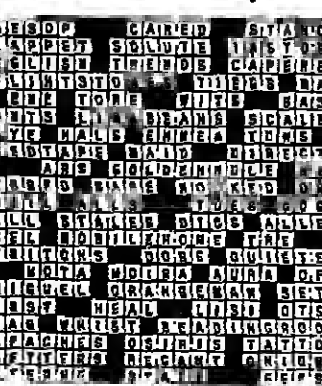


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- DOWN
- Nothing in
 - Port south of
 - Cartagena
 - Stars and bars
 - Hawaiian island
 - Record from the
 - heart: Abba
 - Jacob's twin
 - Western livestock
 - peril
 - Egyptian, e.g.
 - Literally
 - "high-souled"
 - rigueur (to
 - the fullest
 - extent): Fr.
 - Mover's
 - equipment
 - Symbols of
 - purity
 - Pre-Raphaelite
 - Rossetti
 - Bowed, in music
 - Early stringed
 - instrument
 - Royale
 - National Park
 - Studies
 - Call on a yawl
 - Give some slack
 - Ontario-Quebec
 - border river
 - High-calorie
 - snack
 - Port in 1943
 - fighting

- 33 Singer Bob
- Marley, e.g.
- 85 Cotton thread
- 86 1919 Edith Day
- musical
- 87 Teacher's grp.
- 88 One of the
- archangels
- 91 Hog's thigh
- 92 Brute
- 93 18: 8
- 97 Towel tag
- 98 Wani-ad initials
- 99 Caboose position
- 100 Komis imbler
- 102 Convoke
- 107 Spoors
- 110 Author Calvino
- 113 41: 11
- 115 Speculator
- 116 Begrim, in
- 117 When les etoiles
- come out
- 118 Dweller on the
- Mekong
- 119 Freshen
- 120 Slight
- 121 Preserve, in a
- way
- 122 Cry of pain
- 123 Criminal
- evidence
- 35 Fast pitch
- 36 Naval
- Weapons
- 38 Passenger
- balloon part
- 39 Hang of it
- 40 Rises, as water
- 41 Ferber book
- 42 Wind around
- 43 Kind of soup
- 44 Indulges to the
- extreme, in
- formally
- 46 Early TV
- medium
- 48 Battery type
- 49 Kit — (candy
- bar brand)
- 52 Contemporary
- 53 Wife of Henry II
- 54 Literary
- pseudonym
- 56 Feature
- 60 Ontario-Quebec
- border river
- 61 High-calorie
- snack
- 63 Port in 1943
- fighting
- 68 Crowd sounds
- 69 Dried out
- 70 — hole
- (modern worry)
- 72 "To wrap up..."
- 74 Christmas's
- father
- 75 (-)
- 76 Kind of
- extremes
- 77 Tabloid
- two-tones
- 78 North Atlantic
- sighting
- 79 — de Lion
- 80 Stone memorials
- 81 Such is a life
- 84 Chorus sound
- 88 Old recording
- disk
- 90 Prefix meaning
- "outer"
- 93 Vast desert
- 94 Give some slack
- 95 Beethoven's
- "Quartet"
- 96 One way to
- convey
- information
- 97 John Wayne film
- 98 Welsh actor
- Williams
- 101 One making
- rapid strides
- 102 S&L deposit
- 103 "Out"
- 104 — vaccine
- 105 First name in
- mysteries
- 106 S.A. country
- 108 Bye-bye
- 109 Be close to
- 111 Sign denizen
- 112 Assays assay
- them
- 114 With it
- 115 Twaddle

Solution to Puzzle of May 13-14



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UNISYS

DAVE BARRY

Solving the Gopher Problem

MIAMI — Before I get to this week's topic, gopher safety, I wish to "set the record straight" regarding three matters:

1. **EXPLODING GUAM SNEAKER** — Some months ago I discussed an article in the Pacific Daily News concerning a Guamanian boy whose Nike brand sneaker reportedly exploded. This report turns out to be untrue. According to a later Daily News story, sent to me by staffer Mark Cook, the boy admitted that there had been a firecracker in his sneaker, and it was this firecracker, NOT the sneaker, that exploded. I wish to sincerely apologize to the Nike legal department for any bad publicity that my column may have caused, and stress to consumers that Nike brand sneakers do NOT — repeat, do NOT — explode. They merely contain firecrackers that explode. I hope this clears everything up.

2. **HUNTING LAW UPDATE** — A number of angry sportspeople have written to inform me that, contrary to the impression I may have given in a recent column about hunting, it is NOT legal to drop the frozen carcasses of large animals or Tobacco Institute scientists on hunters from helicopters. If you are doing this, I urge you to stop, or at least send me videotapes.

3. **CORRECTION** — Several readers have informed me that recently the Nashville Banner, instead of printing my column, printed this announcement: "Dave Barry, whose humor column normally appears in today's Lifestyle section, is taking the week off."

This is not, technically, true. What the Nashville Banner no doubt MEANT to say was: "We are not going to publish Dave Barry's column this week because it concerns a Hong Kong man who demonstrates the benefits of the Daoist philosophy by lifting heavy weights with his private parts, and we feel that the people of Nashville do not need to know about this."

I'm sure the announcement was an innocent mistake. In fact, I urge you to call the Banner and subscribe: If you act today, the Banner will give you, free of charge, a house. Speaking of houses, a question that homeowners as well as professional maintenance personnel are constantly asking is: "What is the correct method for disposing of a gopher?"

The answer is: "Not the method that was

attempted recently by maintenance personnel at Fowler Elementary School in Ceres, California." I learned about this incident from a major front-page story in the April 5 Modesto Bee. What happened was, a student found a gopher on the grounds of the school, which has a chronic gopher problem. The gopher wound up in the custody of three custodians, who put it in a bucket in a small, poorly ventilated utility room.

I will give you 300 million guesses as to what they decided to do next.

Wrong. What they decided to do was freeze the gopher to death by spraying it with a product called (I am not making this up) "Misty Gum Remover." This product is designed to be sprayed on the gum wads that are found on the undersides of all school desks (they are stuck on right at the desk factory). The product freezes the gum, making it easier to chip off. Misty Gum Remover is not specifically designed to send gophers to that Big Hole in the Sky, but the Fowler Elementary custodians had successfully used it for that purpose on more than one occasion.

So at this point, we have nothing more than a routine case of three custodians trying to freeze a gopher to death with gum remover — the kind of thing that (ask your kids!) goes on in our nation's schools every day. Then one of the custodians decided to light a cigarette.

You have probably guessed what happened next. That's right: The custodians' Nike brand sneakers exploded. No, seriously, the Misty Gum Remover fumes exploded in a blast that blew the three custodians out of the utility room and injured a total of 19 people. The gopher — I am still not making this up — lived. According to the Bee, it was taken into police custody and released in an empty field, where I imagine it will spend the rest of its days whimpering and gulping down tiny gopher Valiums.

The moral of the story, for both homeowners and maintenance professionals, is that if you must dispose of a gopher, you should use the method recommended by leading authorities such as the Archbishop of Canterbury: namely, mail it, in a secure package, to the Nashville Banner. Do NOT send it to me; I'm taking the week off.

Knight-Ridder Newspapers

By David Stevens
International Herald Tribune

AMSTERDAM — For years there has been no shortage of the music of Gustav Mahler in concentrated doses like festivals or cycles, but there has been nothing quite like the 17-day extravaganza put on here by the Concertgebouw, this city's justly famous concert hall.

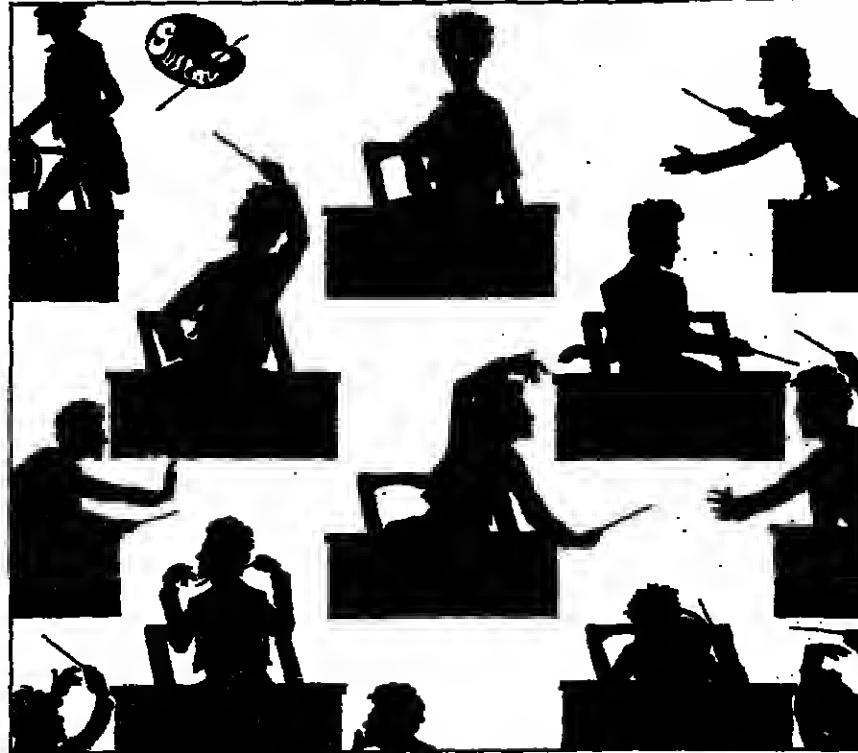
Virtually all of Mahler's music was heard in 19 concerts, with the major load of the symphonies shared by the resident Royal Concertgebouw and the Berlin Philharmonic and Vienna Philharmonic orchestras, all three closely linked to Mahler's life and music. Bernard Haitink, a leading Mahlerian and a longtime chief conductor of the Concertgebouw, led one concert with each orchestra.

Other music — the songs and relevant works by other composers — were included, and the program was outfitted by exhibitions, a scholarly symposium and other peripheral events.

It was also a festival fraught with anniversaries, anniversaries within anniversaries, joyful and painful. The span of this Mahler Feast included the 50th anniversary of the liberation of the Netherlands, but also the 55th of the German invasion of the country. The final concert came a day before the date of the composer's death, which occurred in Vienna on May 18, 1911.

But mainly, this festival was organized by Martijn Sanders, the Concertgebouw's director, to commemorate the 75th anniversary of the historic Mahler Feast put on here in 1920 by the conductor Willem Mengelberg, then celebrating his own 25th anniversary as principal conductor of the Concertgebouw Orchestra by conducting all the symphonies of a composer whose works he had tirelessly championed since the early years of the century. No Mahlerian world premieres took place here, but the composer conducted several of his symphonies with the orchestra and Mengelberg kept the flame burning.

So Mengelberg was kind of a dark patron saint of this festival. Patron saint because of his establishment of the orchestra's reputation and its Mahler tradition. Dark because of the sad ending to his career after half a century at the head of the orchestra, most of that time as one of the most popular figures in the country. That popularity disappeared almost



Silhouettes by Otto Boehler of Mahler conducting the Vienna Opera.

overnight, mainly because of his almost incredible naïveté allied to a predilection for German artistic ideals.

Mengelberg, who was born in Utrecht in 1871 of German parents who had immigrated, was taking the waters in Bad Gastein, near Salzburg, when the Germans invaded the Netherlands. Nonetheless, he then spent several weeks in Germany and gave an interview to the Völkischer Beobachter, the Nazi Party mouthpiece, relating how he had celebrated the German invasion with champagne at Bad Gastein.

His attempts to explain this at home did not help matters, nor did photographs such as those showing him chatting amiably with Arthur Seyss-Inquart, the Nazi proconsul. He tried to help Jewish musicians, with mixed success, and he was allowed to conduct his beloved Mahler only once more in 1940, before the ban on Jewish composers was enforced.

In the postwar settling of accounts,

Mengelberg seems to have been regarded as a propaganda dupe rather than a collaborator. Nonetheless, he was banned from conducting in the Netherlands and his royal decorations were taken away. He died in 1951 in his Swiss chalet.

He is still a controversial figure here, and his musical importance makes his posthumous presence inevitable. It is not so much a rehabilitation as a recognition of his artistic importance in spite of everything.

The Mengelberg archives are now at the Gemeentemuseum in The Hague, which put on a fascinating exhibition (through June 25) that does not gloss over the unhappy last years. Most touching is a 1947 letter from Alma Mahler (by then also the widow of Franz Werfel): "Please let me now how you are — how you live — whether you have friends, whether you are halfway happy."

Other exhibitions are one of Mahler musical manuscripts, also in The Hague

(to June 18). "Mahler in Amsterdam" at the Gemeentemuseum in Amsterdam (to June 11), and an exhibition of early and later Expressionist art in the Stedelijk Museum of Amsterdam (to July 2), in which works by Kokoschka and Kirchner have a certain period relevance. During the program, the foyer of the Concertgebouw was filled with what seemed to be every photograph of Mahler ever taken. They were from the collection of Gilbert Kaplan and also available in book form.

Other publications appearing because of or in conjunction with the festival are a monumental program book, edited by Donald Mitchell, and a reproduction of the manuscript of the Seventh Symphony, which is in the archives of the Concertgebouw. And the much-delayed second volume of the English version of Henry-Louis de La Grange's colossal Mahler biography was also much in view.

Opposite the Concertgebouw building, a big tent was the venue for a variety of events, free to the public or at nominal cost, including the direct transmission of all the concerts on a huge screen and with excellent recorded sound.

But the music is the thing, and the final concerts lived up to the occasion. Although the general layout was chronological, the finale was reserved for the vast Eighth Symphony. Called the "Symphony of a Thousand" because the Munich world premiere had more than a thousand instrumental and choral performers, most performances, like the one here, make do with less than half of that.

But the Concertgebouw and various choral ensembles under the orchestra's current music director, Riccardo Chailly, gave an eloquent and exciting account of the composer's marriage of the creative spirit to the power of love.

Also fascinating was the concert by the BBC National Orchestra of Wales under Mark Wigglesworth, which included Deryck Cooke's performing realization of the material Mahler left for his Tenth Symphony. Ventures of this kind are always debatable, but this was surely worth including, if only because of the final movement, affirmative in tone despite the premonitions of death and a troubled marriage at the time it was written. Even with posthumous assistance, it was Mahler's last word, and when the last note sounded, it was followed by an eloquent 10 seconds or so of total silence.

WEATHER

Europe

	Today	Low	High	Tomorrow	Low	High
Algeria	24/27	17/23	25/32	18/21	26/31	27/32
Amsterdam	11/12	4/8	13/15	3/7	10/12	13/15
Athens	24/27	17/23	25/32	18/21	26/31	27/32
Berlin	14/15	5/11	17/23	4/10	16/22	17/23
Bombay	27/29	18/24	30/34	19/25	28/32	33/37
Buenos Aires	18/24	11/12	17/23	9/16	16/22	17/23
Calcutta	27/29	18/24	30/34	19/25	28/32	33/37
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Delhi	27/29	18/24	30/34	19/25	28/32	33/37
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Taipei	27/29	18/24	30/34	19/25	28/32	33/37
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Yokohama	27/29	18/24	30/34	19/25	28/32	33/37

Forecast for Sunday through Tuesday, as provided by Accu-Weather.



North America
Warm weather in the Northeast on Sunday may give rise to sunny thunderstorms, Monday and Tuesday will be dry and mild. Chicago and Toronto will have dry weather Sunday and Monday, then maybe showers Tuesday. Another wet weather system will arrive along the West Coast.

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Asia

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Big spender: Jane Pauley said she was surprised as anyone else when she shot her hand up at an auction to bid for a cartoon — by her husband, Garry Trudeau. The auction was a benefit for the Reporters Committee for Freedom of the Press. Trudeau paid \$1,000 for his own work.